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INVESTIGATION OF THE NATIONAL DEFENSE PROGRAM

HEARINGS

BEFORE A

SPECIAL COMMITTEE INVESTIGATING THE
NATIONAL DEFENSE PROGRAM

UNITED STATES SENATE

SEVENTY-SEVENTH CONGRESS

FIRST SESSION

PURSUANT TO

S. Res. 71

A RESOLUTION AUTHORIZING AND DIRECTING
AN INVESTIGATION OF THE NATIONAL
DEFENSE PROGRAM

PART 9

NOVEMBER 17, 18, 26, 27, 28, DECEMBER 1 AND 2, 1941

ORDNANCE PLANT CONSTRUCTION

WOLF CREEK ORDNANCE PLANT AND MILAN ORDNANCE
DEPOT, MILAN, TENN.

Printed for the use of the Special Committee Investigating
the National Defense Program



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*Appointed to the committee on November 27, 1941.

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INVESTIGATION OF NATIONAL DEFENSE PROGRAM

MONDAY, NOVEMBER 17, 1941

UNITED STATES SENATE,
SPECIAL COMMITTEE TO INVESTIGATE
THE NATIONAL DEFENSE PROGRAM,
United States Court House, Memphis, Tenn.

The committee met at 10:04 a. m., pursuant to adjournment on Friday, October 31, 1941, in the United States Courthouse, Memphis, Tenn., Senator Harry S. Truman presiding.

Present: Senators Harry S. Truman (chairman) and Ralph O. Brewster.

Present also: Hugh A. Fulton, chief counsel.

The CHAIRMAN. The committee will come to order. Is Captain Horridge in the room?

Major HORRIDGE. Yes, sir.

The CHAIRMAN. Captain, will you please take the stand over here and be sworn? Do you solemnly swear to tell the truth, the whole truth and nothing but the truth in your testimony before this committee, so help you God?

Major HORRIDGE. I do.

The CHAIRMAN. You will be seated, Captain Horridge, and give the reporter your title and connections and what your authority is in these projects.

Major HORRIDGE. Maj. Joseph Horridge, commanding officer, Wolf Creek ordnance plant, commanding officer, Milan ordnance depot.

TESTIMONY OF MAJ. J. HORRIDGE, COMMANDING OFFICER, WOLF CREEK ORDNANCE PLANT AND MILAN ORDNANCE DEPOT, MILAN, TENN.

The CHAIRMAN. I would like very much, Captain, if you would describe for the information of the committee, the size of the plant out there, its uses, and the scope of the construction and what it is for.

DESCRIPTION AND CONSTRUCTION OF WOLF CREEK ORDNANCE PROJECT

Major HORRIDGE. The Wolf Creek ordnance plant has about 18,600 acres and consists of five major operating lines and six minor operating lines.

The CHAIRMAN. What are these operating lines for?

Major HORRIDGE. The major lines are to manufacture complete rounds of 20-, 27-, 40-, 155-millimeter, 100-pound bombs, 300-pound bombs. The minor manufacturing lines are for fuzes, boosters, prim-

ers, to supply the major lines and their components. In addition, there are five storage areas. The lines, of course, are supplied with all the utilities necessary to have them function.

The CHAIRMAN. That project is known as the Wolf Creek ordnance plant; is that right?

Major HORRIDGE. Yes, sir.

The CHAIRMAN. And what is the adjoining plant?

Major HORRIDGE. The adjoining plant is the Milan ordnance depot, and it is a storage plant only. It comprises 600 igloos, which are for the storage of high-explosive complete rounds, smokeless powder, and kindred materials. It has an administration area to administer the plant.

The CHAIRMAN. How many acres are in that?

Major HORRIDGE. Approximately 9,500.

The CHAIRMAN. And that makes a total for the two of how many acres?

Major HORRIDGE. Twenty-eight thousand acres.

The CHAIRMAN. Twenty-eight thousand acres?

Major HORRIDGE. Yes, sir.

The CHAIRMAN. How much did the land for that set-up cost the Government?

Major HORRIDGE. The Wolf Creek ordnance plant totaled \$1,530,000, which gives you an average of approximately \$82 an acre. The south plant, or the Milan ordnance depot, cost the difference between \$2,200,000 and \$1,530,000.

The CHAIRMAN. The total is \$2,200,000 for the two?

Major HORRIDGE. That is estimated to date. Some of the land is still in condemnation. A total of \$670,000, approximately, which gave an average cost per acre of \$71.50.

The CHAIRMAN. How many miles of railroad are there in these projects?

Major HORRIDGE. There are 65 miles—approximately 75 miles right now. There is a supplementary contract about which I am not able to tell; 65½ miles in the old plant and approximately 10 miles in the new, giving a total of Wolf Creek ordnance plant of approximately 75 miles.

The CHAIRMAN. Do you know what the average cost of that railroad was?

Major HORRIDGE. It is now estimated at \$26,000 a mile.

The CHAIRMAN. Twenty-six thousand dollars a mile?

Major HORRIDGE. Yes, sir.

The CHAIRMAN. Do you know what the total cost is estimated at? That can be multiplied out, but I thought you might have the figures available immediately.

Major HORRIDGE. I will have to get our monthly reports. I can give it to you.

The CHAIRMAN. All right. Take your time.

Major HORRIDGE. \$2,134,348.

The CHAIRMAN. That is the estimated total cost of the railroad?

Major HORRIDGE. Yes, sir; Wolf Creek ordnance plant.

The CHAIRMAN. How many miles of highways are there?

Major HORRIDGE. There are approximately 73 miles in the Wolf Creek ordnance plant, and the estimated mileage in the Milan ordnance depot will be 130 miles.

The CHAIRMAN. That makes a total of about 195 miles.

Major HORRIDGE. Yes, sir.

The CHAIRMAN. What is the total cost of that Wolf construction?

Major HORRIDGE. I haven't the Milan depot. The Wolf Creek Ordnance Plant only is \$3,103,764.

The CHAIRMAN. How much per mile is that?

Major HORRIDGE. I think that figures an average of \$29,000.

The CHAIRMAN. What sort of construction are these roads? What are the specifications?

Major HORRIDGE. The specifications are chert or sand-clay base.

The CHAIRMAN. How thick is that base?

Major HORRIDGE. That base varies, depending upon what the road is to be used for—an average for chert base of approximately 6 inches; for sand-clay, 10 inches. It has a 5-inch average sand-asphalt surfacing, and the roads themselves are 22 feet wide, without shoulders, for the primary roads, 16 to 18 feet for secondary roads, and 9 feet for patrol roads.

The CHAIRMAN. That makes it cost between five and six dollars a square yard, doesn't it? Is that what it figures to? You should get a first-class concrete job for that—

Major HORRIDGE (interposing). Yes, sir.

The CHAIRMAN. And have a little money left. I have had some experience building, and it seems that is a good price to pay. What made them cost so much?

Major HORRIDGE. Right now they found one of the troubles—it is being refigured in cost accounting—is that the roads were charged with excavation, which wasn't properly charged to the roads, which would reduce the cost on the new cost estimate.

The CHAIRMAN. How much would that reduce the cost?

Major HORRIDGE. Well, I couldn't estimate it now.

The CHAIRMAN. You could build a concrete highway from one end of the State of Tennessee to the other and take in bridges and everything else for about \$30,000 a mile, couldn't you?

Major HORRIDGE. A 16-foot road?

The CHAIRMAN. You can build a 20-foot road for that.

Senator BREWSTER. What do you mean by this excavation? Do you mean outside the road?

Major HORRIDGE. Outside of the road; yes, sir.

Senator BREWSTER. In what connection? What excavation?

Major HORRIDGE. Well, it is foundations for igloos, grading areas outside the roads, such as around buildings. Quite a bit of that was charged to the roads incorrectly.

The CHAIRMAN. When you get through, you will have a black-top road that will break up at the least use, won't it?

Major HORRIDGE. It stood up under construction traffic so far without breaking up, sir.

The CHAIRMAN. I noticed a great many patches in various places.

Major HORRIDGE. Well, that is usually for pipe crossings and other types of crossings of that nature which were due to the method of building the plant, that is, designing it and building it at the same time. It couldn't be planned in advance.

The CHAIRMAN. From twelve to fifteen thousand dollars a mile is considered a high price for black-top road, isn't it?

Major HORRIDGE. I am not a construction man, sir. I don't know.

The CHAIRMAN. I have built some of them, and I think \$15,000 a mile would be extremely high for that class of roads that you have out there. Have you any extra lines on the project?

Major HORRIDGE. Yes, sir.

The CHAIRMAN. How many miles?

Major HORRIDGE. I have estimated at the present date 52,455 linear feet.

The CHAIRMAN. How much did that cost?

Major HORRIDGE. The latest estimate, or rather the estimate of November 1, was \$537,195.

The CHAIRMAN. You have a lot of protective fencing out there. How many miles of that fencing are there?

Major HORRIDGE. I haven't the figures on that, sir. I would say offhand about 20 miles.

The CHAIRMAN. Do you know what it cost?

Major HORRIDGE. It is estimated a dollar and a half a linear foot.

The CHAIRMAN. A dollar and a half a linear foot. That would be about \$7.500 a mile, wouldn't it?

Major HORRIDGE. Yes, sir.

The CHAIRMAN. A pretty big price. How much is the total cost estimated for the Milan Ordnance Plant itself?

Major HORRIDGE. The Milan Ordnance Depot?

The CHAIRMAN. Yes.

Major HORRIDGE. The estimated cost to date is \$15,048,537.

The CHAIRMAN. And what is the estimated completed cost of the Wolf Creek plant?

Major HORRIDGE. Including equipment, \$36,911,777.

The CHAIRMAN. Are there any other supplemental charges now that we could get with those two estimates?

Major HORRIDGE. Not as of today. Those are the latest estimates.

The CHAIRMAN. A little over \$52,000,000 for those two plants.

Major HORRIDGE. For both plants.

The CHAIRMAN. That is quite a sizeable expense, I should say.

Major HORRIDGE. The Milan Ordnance Depot is to be Army operated, and the equipment is not figured in on that.

The CHAIRMAN. When were these two plants started?

Major HORRIDGE. The Wolf Creek ordnance plant, as I recall, the contract was signed January 26 for the construction. The Milan ordnance depot—

The CHAIRMAN (interposing). January 26 of this year?

Major HORRIDGE. Yes, sir.

The CHAIRMAN. When do you expect it to be complete?

Major HORRIDGE. By December 31.

The CHAIRMAN. December 31. Who is the contractor on that job?

Major HORRIDGE. The consulting engineer is Procter & Gamble Defense Corporation. The construction contractor is the Ferguson-Oman Co. And the engineers are the H. K. Ferguson Co.

The CHAIRMAN. Who are the Procter & Gamble Construction Co.?

Major HORRIDGE. They are not a construction company, sir. They are consulting engineers.

The CHAIRMAN. Consulting engineers. Who are they?

Major HORRIDGE. They are the operators.

The CHAIRMAN. They are the operators?

Major HORRIDGE. Yes, sir.

The CHAIRMAN. Are they a separate corporation from the soap makers?

Major HORRIDGE. Yes, sir.

The CHAIRMAN. Set up for this purpose?

Major HORRIDGE. Set up for this purpose; yes, sir.

The CHAIRMAN. And who are the Ferguson-Oman Co.? Where did they come from?

Major HORRIDGE. The Ferguson Co. is the H. K. Ferguson Co., of Cleveland, Ohio, and the Oman Construction Co., of Nashville, Tenn., who combined to form a construction company.

The CHAIRMAN. And the Ferguson engineering firm is the same thing?

Major HORRIDGE. That is the same firm; yes, sir.

The CHAIRMAN. In other words, the engineer-architect and the construction company are the same people.

Major HORRIDGE. Yes, sir.

Senator BREWSTER. How did that arrangement develop?

Major HORRIDGE. I am not familiar with the way that was developed, sir. It was done in the Quartermaster General's Office.

Senator BREWSTER. Did you have anything to do with the arrangements with Procter & Gamble, or with the engineer, or the construction?

Major HORRIDGE. No, sir.

Senator BREWSTER. But you were in charge originally when the plant started?

Major HORRIDGE. Yes, sir.

Senator BREWSTER. Representing the Quartermaster Department?

Major HORRIDGE. Yes, sir.

Senator BREWSTER. And you are now to be in charge of the operation.

Major HORRIDGE. Yes, sir; so far as I know to date.

Senator BREWSTER. That is, that is your present status.

Major HORRIDGE. Yes, sir.

Senator BREWSTER. Have you been here all through?

Major HORRIDGE. Yes, sir.

Senator BREWSTER. You have followed all these developments?

Major HORRIDGE. Yes, sir.

Senator BREWSTER. Are you up to your schedule on completion?

Major HORRIDGE. Yes, sir.

Senator BREWSTER. Do you feel you will finish up all right in December?

Major HORRIDGE. Yes, sir.

Senator BREWSTER. What would you say as to the quality and character of the work? Has there been difficulty about meeting the specifications?

Major HORRIDGE. No, sir; not any details or major items that I can think of.

Senator BREWSTER. Is it on a cost-plus-fixed-fee basis?

Major HORRIDGE. The contracts?

Senator BREWSTER. Yes.

Major HORRIDGE. All but one title of the Procter & Gamble Defense Corporation, which was lump sum.

Senator BREWSTER. Has there been any tendency, you feel, to let the costs mount up? Have you watched it very carefully?

Major HORRIDGE. I think I have watched it very carefully consistent with speed. The first part of the job I attempted to stay on a 40-hour week to keep overtime costs down and still make the schedule.

Senator BREWSTER. What about the quarters for the construction crew and staff? Have those been erected on the job?

Major HORRIDGE. There weren't any quarters. There were some barracks, called dormitories, erected which accommodate 800 people, approximately, and they are to be used for operations also.

Senator BREWSTER. Afterward?

Major HORRIDGE. Yes, sir. They are being used now by Procter & Gamble.

Senator BREWSTER. For their construction crew?

Major HORRIDGE. No, sir; for their operating crew.

Senator BREWSTER. They are operating now?

Major HORRIDGE. Yes, sir; they have been operating since September.

Mr. FULTON. How long did you remain constructing quartermaster? To what date?

Major HORRIDGE. To March 28.

Mr. FULTON. And you say that up until that time, at least, you observed nothing which in any way raised any question in your mind about the efficiency of construction?

Major HORRIDGE. No, sir.

Mr. FULTON. Nothing whatever?

Major HORRIDGE. No, sir.

Mr. FULTON. No labor problems?

Major HORRIDGE. Nothing in particular; no, sir.

Mr. FULTON. No problems of personnel?

Major HORRIDGE. Not that I can recall.

Mr. FULTON. No problems relating to equipment rental?

Major HORRIDGE. No, sir.

Mr. FULTON. What procedure did you put into effect with respect to equipment rental to make sure that you got the right kind of equipment at the right price?

Major HORRIDGE. I set up an engineering section in the C. Q. M.'s office and also an equipment section in the auditor's group. The engineering section's function was to determine whether the equipment was necessary and give their approval before I finally signed for it, and the auditor's section was to determine whether the rentals were correct and whether the price specified by the lessor was within reason.

Mr. FULTON. And did you make a determination of the equipment that you would need?

Major HORRIDGE. Yes, sir.

Mr. FULTON. The quantities?

Major HORRIDGE. Sir?

Mr. FULTON. The quantities that you would need for these projects?

Major HORRIDGE. Yes, sir.

Mr. FULTON. When did you make that kind of estimate?

Major HORRIDGE. The estimate—I am sorry, I must have misunderstood you. You mean for the entire project?

Mr. FULTON. Yes. The type of equipment, for example; the quantities of these particular types that you would need.

Major HORRIDGE. We didn't make one of those at that time, sir.

Mr. FULTON. When was it done.

Major HORRIDGE. It was done, if at all, after I was relieved as C. Q. M.

Mr. FULTON. Wouldn't you think that would be a desirable thing to have an estimate of what kind of equipment you would need so that you could determine the methods to acquire it which would be most satisfactory and most efficient?

Major HORRIDGE. Yes, sir; but we didn't know what we were building at the time. We just had a general idea, and the drawings were still coming through on the lay-outs during most of that period.

Mr. FULTON. So at that time you didn't even know what equipment you would need?

Major HORRIDGE. No, sir.

Mr. FULTON. Certainly you knew you would need some equipment of certain specified types—

Major HORRIDGE (interposing). Yes, sir.

Mr. FULTON. Such as light trucks, station wagons, and tractors. Did you make any exploration of the cost that you would have to sustain if you bought that equipment new?

Major HORRIDGE. Yes, sir.

Mr. FULTON. And did you, before signing any agreement to lease the equipment, compare those costs with the recapture values set forth in the leases?

Major HORRIDGE. Yes, sir; we did.

Mr. FULTON. And you found no problems of any kind in that connection while you were in the office as constructing quartermaster?

Major HORRIDGE. No, sir; we compared the prices in general with the General Contractors' Association rates.

Mr. FULTON. I was talking about comparing them with the cost of buying these things in complete quantities to the Government. You did make such a comparison and you found no problems?

Major HORRIDGE. None particularly; no, sir.

Mr. FULTON. You haven't heard of any since?

Major HORRIDGE. I have heard of some which were considered high, but that is all we could get at the time, and we took it.

Senator BREWSTER. You say it compared favorably with the Contractors' schedule?

Major HORRIDGE. The General Contractors' Association rates; yes, sir.

Senator BREWSTER. Would you specify just exactly the compilation you refer to there? There is a controversy about different schedules. Do you know what it is particularly called?

Major HORRIDGE. That is the only name I know it by, sir. It is a list of equipment, with the recommended rates by the General Council of Contractors—what they think it is worth.

Senator BREWSTER. That is for lease?

Major HORRIDGE. For lease; yes, sir; at a reasonable value.

Senator BREWSTER. That is fixed in what they call the cost schedule.

Major HORRIDGE. I don't know.

Senator BREWSTER. In most instances you got as favorable rates as that schedule showed?

Major HORRIDGE. The last report I saw showed that we got 17 percent below it, averaging all the equipment.

Mr. FULTON. What was this last report you saw?

Major HORRIDGE. That was at the time the House committee investigated.¹

Mr. FULTON. And you have a copy of it?

Major HORRIDGE. No, sir; I have not.

Mr. FULTON. Was it an analysis or a conclusion?

Major HORRIDGE. It was an analysis of the A. G. C. rates and the rates we paid.

Mr. FULTON. What rates were those?

Major HORRIDGE. That is the General Contractors' Association rates.

Mr. FULTON. And you are sure that isn't the Distributors' Association rates?

Major HORRIDGE. No, sir.

Mr. FULTON. And do you have a rate schedule that was given to you by Captain Richardson, of the War Department?

Major HORRIDGE. They had at that time what they called a quartermaster's depreciation rate; yes, sir.

Mr. FULTON. Did these rates compare with the rates that they had in that?

Major HORRIDGE. They were extracted, as far as I know, from the A. G. C. rates, but it was based on the equipment for the prime contractors and not for rentals.

Mr. FULTON. What I was talking about is when you say 17 percent below the schedule, how much below was it, if any, below the schedule that the War Department had set up as the proper rates?

Major HORRIDGE. The War Department hasn't set up any that I know of. The only thing they had was a schedule of depreciation rates for the prime contractors.

Mr. FULTON. You haven't heard of any schedule being set up in the War Department?

Major HORRIDGE. It has since; yes, sir.

Mr. FULTON. How does it compare with that schedule?

Major HORRIDGE. It is the same schedule, so far as I know.

Mr. FULTON. How does it compare with that schedule?

Major HORRIDGE. It is the same.

Mr. FULTON. I mean how do your equipment rentals compare with the schedules of Captain Richardson?

Major HORRIDGE. Seventeen percent below on the A. G. C.

Mr. FULTON. No; I am talking about 17 percent below Captain Richardson's schedule. Are you talking about that?

Major HORRIDGE. As I understand it—I wasn't quartermaster at that time, but I understand that it is the same schedule as the A. G. C.

Mr. FULTON. But we don't so understand it, for Captain Richardson didn't so testify. Are you familiar with the War Department's schedule?

Major HORRIDGE. No, sir. I have not been quartermaster during that time.

Mr. FULTON. Now with respect to this construction, in the operation have you found that this plant is efficiently constructed so that

¹ A subcommittee of the House Military Affairs Committee.

it is prepared to operate on a basis that you consider economical and without any problems of any kind?

Major HORRIDGE. So far as we have been able to determine with our limited operations to date, every line that we have investigated will produce more than the contract calls for.

Mr. FULTON. So that you contemplate no operating problems of any kind whatever?

Major HORRIDGE. No, sir.

Mr. FULTON. And you expect to be ahead of the schedule you had in mind?

Major HORRIDGE. We expect to be ahead of the schedule so long as we get the parts to operate with.

Mr. FULTON. Now, can you explain to us why the cost has run \$52,000,000 as compared with the original estimates which were only a very much smaller amount than that?

Major HORRIDGE. Well, if you don't mind, I would like to separate the two plants.

The CHAIRMAN. Go ahead.

Major HORRIDGE. How the original estimate was arrived at, I don't know. I wasn't present when it was made up. But as an example, they gave us \$300,000 on an estimate for railroads, and we have built almost 35 miles of railroads.

Mr. FULTON. Why was it necessary to build so many more railroads than was estimated?

Major HORRIDGE. Because, I suppose, of the distances now required to these plants is so much greater than they had been in the last war.

Mr. FULTON. In other words, you mean that the original estimate was one that was prepared on a basis of the last war rather than on the basis of present information?

Major HORRIDGE. So far as I know. I don't know how it was prepared. Nobody has ever been able to explain it to me.

Mr. FULTON. Who prepared it, so far as you know?

Major HORRIDGE. I presume the Chief of Ordnance did, but I don't know that either.

Mr. FULTON. When was it discovered that it was necessary to revise it from the 1917 date to 1940?

Major HORRIDGE. At this plant it was found out almost immediately, within a month or 2 months at the most.

Mr. FULTON. Were there other similar mistakes in estimating and planning?

Major HORRIDGE. You mean in this plant?

Mr. FULTON. Yes.

Major HORRIDGE. The equipment was all right. We had not exceeded our estimates on equipment.

Mr. FULTON. As to cost?

Major HORRIDGE. As to cost; yes, sir.

Mr. FULTON. What were some of the other things that were properly estimated?

Major HORRIDGE. As you spread the plant out, all the utilities increase. The number of buildings were unknown at that time, and we didn't know, practically the entire time I was quartermaster, how many buildings we were to build. We were designing the plant at the same time that we were building it. As we went from line to line, we got a better picture of it, but we had to get

one line ready and operating, ready to build, and then go on to the next one to see what was necessary.

Mr. FULTON. So that as it turned out, the original estimates were really not estimates for the plant as built at all, but were estimates picked, so to speak, out of the last war and not set up for the purposes of building a plant of the type we had in mind here.

Major HORRIDGE. So far as I understand, that is true; yes, sir.

Mr. FULTON. When did they first get a plan for this entire plant?

Major HORRIDGE. They are still designing right now, sir.

Mr. FULTON. You haven't got it today, then?

Major HORRIDGE. It is not complete.

The CHAIRMAN. What is the business of the architect and engineers you have employed for making these plans? Are they doing any work at all?

Major HORRIDGE. Their job is to make the detailed lay-outs; yes, sir.

The CHAIRMAN. And they never have made an over-all plan?

Major HORRIDGE. Yes, sir; they made an over-all estimate and over-all plan by number of buildings; but I mean we are still designing equipment lay-outs, and practically all the mechanical trades are done, but they are still designing it.

(Senator Brewster assumed the chair.)

Mr. FULTON. How much is the fee that was to be allowed to the contractors and the architect-engineers for these two projects?

Major HORRIDGE. For the architect-engineer for Wolf Creek, the original plant, was \$73,107.

Mr. FULTON. That is for architect-engineers for Wolf Creek. What company was that?

Major HORRIDGE. That was the H. K. Ferguson Co.

Mr. FULTON. Has that been increased?

Major HORRIDGE. Yes, sir.

Mr. FULTON. To what figure?

Major HORRIDGE. They added \$4,850 for a supplementary contract.

Mr. FULTON. So that it is now a total of about \$78,000.

Major HORRIDGE. Yes, sir.

Mr. FULTON. Was there an engineer planning for the Milan ordnance depot?

Major HORRIDGE. Yes, sir; there was.

Mr. FULTON. What was the amount of that?

Major HORRIDGE. I haven't put that down. I think the constructing quartermaster can give you that, but I haven't got it.

Mr. FULTON. With respect to the contractor's fee, what was the amount of the fee for Wolf Creek?

Major HORRIDGE. \$279,145.

Mr. FULTON. And has that been increased?

Major HORRIDGE. Yes, sir; a supplement on the plant was \$52,978.

Mr. FULTON. Which makes a total of about——

Major HORRIDGE. A total of about \$321,000.

Mr. FULTON. And to what company is that to be paid?

Major HORRIDGE. That is to be paid to the Ferguson-Oman Co. jointly.

Mr. FULTON. That is a joint company consisting of the H. K. Ferguson Co. of Cleveland and the Oman Construction Co. of Nashville?

Major HORRIDGE. Yes, sir.

Mr. FULTON. Do you know whether they have a 50-50 participation in that, or is it outright—

Major HORRIDGE (interposing). I beg your pardon?

Mr. FULTON. Do you know whether it is a 50 percent participation for each?

Major HORRIDGE. Fifty percent now, yes, sir.

Mr. FULTON. And then how much fee is to be paid for the Milan ordnance plant to the contractors as distinct from the architect?

Major HORRIDGE. I haven't put that down, either, sir.

Mr. FULTON. Then how much fee is to be paid to Proctor & Gamble for operating the plant?

Major HORRIDGE. \$660,000.

Acting Chairman BREWSTER. What is that? Is that for the construction and supervision?

Major HORRIDGE. No, sir; that is operation.

Acting Chairman BREWSTER. How long a period does that cover?

Major HORRIDGE. It covers a period of 1 year.

Acting Chairman BREWSTER. From the time of completion?

Major HORRIDGE. No, sir. They have two stipulations in it. From the date the first line is completed, they are paid a flat rate for 3 months, and the Government has the right to extend that period to 4 months without increased costs. That interval of time is supposed to be from the time the first line is completed until all the lines have been completed.

Acting Chairman BREWSTER. In a 3 or 4 months' period?

Major HORRIDGE. Yes, sir, and then they go on the 1-year contract. But the total of all the fees for that operation is \$660,000. It can actually go 16 months.

Acting Chairman BREWSTER. You said they actually started operating in September.

Major HORRIDGE. Yes, sir.

Acting Chairman BREWSTER. That is why you fixed this December date for completion in 3 or 4 months.

Major HORRIDGE. The construction set that, and it just happened to fall within a 3 months' period.

Acting Chairman BREWSTER. You say that they haven't yet completed the plans.

Major HORRIDGE. Not all of them, just the details.

Acting Chairman BREWSTER. Aren't you rather optimistic to think they will finish the plant in December if they haven't finished the plans in the middle of November?

Major HORRIDGE. No, sir. The main things coming through now are minor changes on Wolf Creek.

Acting Chairman BREWSTER. So that the plans are practically complete.

Major HORRIDGE. Yes, sir, practically complete. The Milan ordnance depot's are still coming through.

Acting Chairman BREWSTER. Has the capacity of the plant been increased from the original plan?

Major HORRIDGE. Yes, sir.

Acting Chairman BREWSTER. How much?

Major HORRIDGE. By one complete major line and one fuse line and all the utilities and storage space necessary to operate it.

Acting Chairman BREWSTER. When you say one major line, what percentage increase did that approximate?

Major HORRIDGE. In dollars?

Acting Chairman BREWSTER. No; I mean in percentage of capacity.

Major HORRIDGE. One-fifth; a little better than one-fifth; yes, sir.

Acting Chairman BREWSTER. About a 20-percent increase?

Major HORRIDGE. Yes, sir.

Acting Chairman BREWSTER. Did that involve a 20-percent increase in cost?

Major HORRIDGE. No, sir.

Acting Chairman BREWSTER. Did that involve any change in the arrangement with Procter & Gamble?

Major HORRIDGE. No, sir; except their contract reads that the Government will notify them 60 days before they are to operate that new line. They haven't been so notified as yet.

Acting Chairman BREWSTER. Will they be paid more for that?

Major HORRIDGE. They took \$1.

Acting Chairman BREWSTER. One dollar?

Major HORRIDGE. Yes, sir. Their fee on the supplement is \$1.

(Senator Truman resumed the chair.)

Senator BREWSTER. When the engineers' and contractors' fees were fixed, with these additions that you have spoken of, did that come after the cost of the plant was increased from this original estimate? What was that original estimate?

Major HORRIDGE. The original estimate was approximately \$8,000,000 for the construction and \$3,300,000.

Senator BREWSTER. That was for which plant?

Major HORRIDGE. Wolf Creek ordnance plant as originally estimated.

Senator BREWSTER. That was \$11,000,000 in total?

Major HORRIDGE. Yes, sir.

Senator BREWSTER. Now, what was the estimate of the other?

Major HORRIDGE. The Milan ordnance depot?

Senator BREWSTER. Yes.

Major HORRIDGE. That was estimated around \$8,000,000, also, without equipment.

Senator BREWSTER. How much was the equipment?

Major HORRIDGE. We have just estimated that now around \$1,000,000.

Senator BREWSTER. One million?

Major HORRIDGE. Yes, sir.

Senator BREWSTER. That made an approximate total of \$20,000,000 then originally, which has now increased to \$52,000,000.

Major HORRIDGE. Yes, sir.

Senator BREWSTER. That is correct. Were these contracts for fixed fees based on that original \$20,000,000 estimate or on some subsequent figure?

Major HORRIDGE. The fixed fees have not been changed except for the supplements themselves. In other words, the fixed fees are still based on \$8,000,000 for the original plant.

Senator BREWSTER. And do you understand that the contractors or engineers make any claim on that?

Major HORRIDGE. They have not made any to date that I know of.

Mr. FULTON. In addition to that \$660,000 for Procter & Gamble, wasn't there a management fee of about \$240,000?

Major HORRIDGE. Yes, sir; there was a lump sum contract, title I, of \$240,000.

Mr. FULTON. And then wasn't there a sum of about \$45,000 for procurement of equipment?

Major HORRIDGE. Yes, sir; \$45,600 for title II of the contract.

Mr. FULTON. So that what Procter & Gamble gets in reality is \$945,602?

Major HORRIDGE. Yes, sir.

Mr. FULTON. Outside of the equipment figure, what did they contribute for that money?

Major HORRIDGE. Well, title I, which is the design consultant, laid out the entire plant——

Mr. FULTON (interposing). When you say they laid out the entire plant, you mean they hired architect-engineers at their expense to lay out these plants?

Major HORRIDGE. They hired engineers at their expense; yes, sir.

Mr. FULTON. At whose expense?

Major HORRIDGE. At their expense.

Mr. FULTON. And do you know how many they had engaged in that occupation?

Major HORRIDGE. I couldn't answer that offhand. There were quite a few of them.

Mr. FULTON. By quite a few you mean approximately how many?

Major HORRIDGE. Well, their method of building the plant was to assign one or two, as high as four, men depending on what kind of line it was, whose sole job it was to lay that line out, study it, and eventually operate it. Those men are operating those same lines now.

Mr. FULTON. And all of them are on salaries of Procter & Gamble and none of them on the salary of the Government?

Major HORRIDGE. That is right.

Mr. FULTON. And on the five lines finished, that would be 20 men?

Major HORRIDGE. There are 11 men, actually.

Mr. FULTON. How many men?

Major HORRIDGE. That would take about 40 men right there.

Mr. FULTON. And for how long a period?

Major HORRIDGE. They weren't finished. In fact, they are still not finished, but the major part of the work was finished around August, except for the supplements.

Mr. FULTON. And it started when?

Major HORRIDGE. It started in January.

Mr. FULTON. That is 8 months.

Major HORRIDGE. Yes, sir.

Mr. FULTON. Forty men. In addition to that, how much more expense did they incur?

Major HORRIDGE. They had their key men, such as the treasurer, the project manager, the railroad, and all the operating personnel studying out their various parts of it and laying it out.

Mr. FULTON. You say all the operating personnel. You mean whom?

Mr. HORRIDGE. I mean the key personnel.

Mr. FULTON. Of the plant?

Major HORRIDGE. Of the plant itself, yes, sir.

Mr. FULTON. And that would consist of how many men?

Major HORRIDGE. That would consist of probably another 40.

Mr. FULTON. During the entire 8 months?

Major HORRIDGE. Yes, sir.

Mr. FULTON. Did they hire their operating staff before they had their plant ready?

Major HORRIDGE. They hired some of their operating staff before the plant was ready to train them; yes, sir.

Mr. FULTON. But that wouldn't be in January, would it?

Major HORRIDGE. No, sir.

Mr. FULTON. It would be when?

Major HORRIDGE. They started hiring just for operations around July.

Mr. FULTON. And were those different men from the 40 or were they largely the same people?

Major HORRIDGE. No, sir; they were the same people plus lower classifications down into the general foremen.

Mr. FULTON. And what expense will they have in connection with the operation for which they will not be reimbursed?

Major HORRIDGE. The only one specified in the contract is the cafeteria.

Mr. FULTON. You mean they will have the expense of operating the cafeteria?

Major HORRIDGE. Yes, sir.

Mr. FULTON. And will there be any expense. The cafeteria is to be operated at a price to bring in the cost of operating it?

Major HORRIDGE. The contract specifies that we supply them with all materials except the actual labor and the food materials therein.

Mr. FULTON. And then they charge for the meals?

Major HORRIDGE. They charge for the meals; yes, sir.

Mr. FULTON. Will there be any expense to them as a result of that operation of that cafeteria?

Major HORRIDGE. They have lost \$4,000 to date on it. They have to pay the personnel and buy the materials.

Mr. FULTON. And aside from that, there is no other expense in the contract which they may be reimbursed for?

Major HORRIDGE. They are not to charge the administrative overhead in.

Mr. FULTON. That is just what you have been talking about.

Major HORRIDGE. No, sir. I mean the actual members of the concern, such as the treasurer, the vice-president, and so on.

Senator BREWSTER. Do they have a resident representative on the job under their pay?

Major HORRIDGE. They have had one ever since it started.

Senator BREWSTER. Will they have while they are operating?

Major HORRIDGE. They have one now; yes, sir.

Senator BREWSTER. Well, will that continue?

Major HORRIDGE. No, sir. As soon as they go into complete operations, it will not. They will keep all those people in Cincinnati.

Senator BREWSTER. In other words, they will not have any resident representative on the job after they get to operating full schedules?

Major HORRIDGE. No, sir.

Senator BREWSTER. And all of the people here then will be paid by the Government although they may be selected by them?

Major HORRIDGE. Yes, sir.

Senator BREWSTER. But during the period of construction they have had quite a large personnel on their pay?

Major HORRIDGE. Yes, sir.

Senator BREWSTER. Have you the figures on that?

Major HORRIDGE. No, I haven't.

Senator BREWSTER. Have you ever asked for a report on that?

Major HORRIDGE. Yes, sir; we have it every month—semimonthly.

Senator BREWSTER. You have the figures, then, as to what their out-of-pocket expense has been?

Major HORRIDGE. Yes, sir. We can total it. Their pay rolls show reimbursable and nonreimbursable.

Senator BREWSTER. Yes.

Major HORRIDGE. They show a break-down under what title it belongs to.

Senator BREWSTER. Will you furnish that for the record? ¹

Major HORRIDGE. I will have to get it from the plant.

Senator BREWSTER. You compile it?

Major HORRIDGE. Yes, sir.

Senator BREWSTER. We are interested in the comparison because according to your report, there is more furnished than we have found has been customary with many contractors of this character. We would be very interested to know whether the full itemization will bear that out.

Major HORRIDGE. You want, then, the actual expenditures Procter & Gamble have made under title I?

Senator BREWSTER. I don't want to get into titles. I want to have it classified whatever way you can. You didn't give title I or II when I asked you first about it. Perhaps it was because of the character of my question, but that should be shown subsequently.

Major HORRIDGE. Two of the titles, II and III, are fixed-fee, and title I is lump-sum.

The CHAIRMAN. It is under a lump-sum contract that they furnish these men. Is that it?

Major HORRIDGE. Yes, sir.

The CHAIRMAN. And not under the fixed-fee contract.

¹ In compliance with the committee's directions, the following expenditures have been made on the Procter & Gamble Defense Corporation contract:

Title I of that contract is a lump-sum contract, and a representative of the Procter & Gamble Corporation, Mr. Woodward, located at the project, stated that the records were kept in Cincinnati and a member of that concern from Cincinnati would have to be subpoenaed for the necessary evidence.

Title II of the contract is a fixed-fee contract for the purchase of equipment. There have been no nonreimbursable items under that contract. The reimbursable items as of October 31 for Procter & Gamble Defense Corporation is \$1,608,000; purchased by Picatinny Arsenal, Dover, N. J., \$900,000. It is estimated that \$1,492,000 will be spent in addition to the above sums, making a grand total of \$4,000,000 for equipment, which is under the present estimates.

Title III is a fixed-fee contract for the operation of the plant. Procter & Gamble state that they have no nonreimbursable items under this title. Their expenditures as of October 31 are \$545,000. Total expenditures under this title by January 1, 1942, \$1,500,000. It was stated that an estimate of the expenditures to be made after that date could not be given as such an estimate is based on the amount of work assigned, and that has not as yet been determined.

This information was received by telephone on November 18, 1941, from Captain Kennedy by Major Horridge, and he stated he had received this information from Mr. Woodward, who represents the Procter & Gamble Defense Corporation.

Major HORRIDGE. Well, they furnish the same men under that contract.

Senator BREWSTER. Are there just three titles?

Major HORRIDGE. Yes, sir.

Senator BREWSTER. I think you can just classify the thing under the three titles, then, as to the fee, the lump sum, and the out-of-pocket expense. I think that is the way we usually classify it so that we will know what has been their net on the payments.

Mr. FULTON. You gave the architect-engineers' fees of H. K. Ferguson on the Wolf Creek project, and I have here an amount which you didn't have of the Milan ordinance, which is \$45,150, so that for architect-engineering fees for the two projects, the H. K. Ferguson Co. would get \$123,170, if they don't claim any increase by reason of the increased work. Would you tell us from your observation what nonreimbursable expenses they sustained to get that amount?

Major HORRIDGE. The architect-engineers only?

Mr. FULTON. Yes.

Major HORRIDGE. Practically none.

Mr. FULTON. Now, with respect to the contracting fees, the Ferguson-Oman Co. got an allowance of \$162,777 for the Milan ordinance in addition to the amount you referred to for Wolf Creek, which I believe totals \$494,900 for the contractor's fee. Would the same answer apply with respect to the nonreimbursable expense there?

Major HORRIDGE. No, sir.

Mr. FULTON. What nonreimbursable expense did they have?

Major HORRIDGE. The main ones would be the representative, their project manager.

Mr. FULTON. Mr. Atkin?

Major HORRIDGE. Yes, sir; Mr. Atkins; and interest due on money borrowed.

Mr. FULTON. You mean by that that there is a time lag between the time that they do work and the time that the Government would pay them for the work during which they might have to borrow money and pay interest on the money so borrowed?

Major HORRIDGE. Yes, sir.

The CHAIRMAN. That is all, Captain.

At this point we will place in the record these papers, containing data on these projects from the time they began.

(The document referred to was marked "Exhibit No. 151" and appears in the appendix on p. 3273.)

The CHAIRMAN. Is Mr. Thomas in the room? Mr. Helzel and Mr. Bouck have not appeared because of the fact that the Army didn't get them here on time, but I am sure that they are on the road and that they will be here to testify.

Is Mr. Stirling here? Mr. Stirling, I understand, has been transferred to Alabama. He, also, will be here at a later date, I imagine.

Mr. Harrison?

Lieutenant Pennington? We will take him.

It is very, very necessary when this committee subpoenas witnesses that they be on hand.

Have you been sworn?

Lieutenant PENNINGTON. No, sir; I haven't.

The CHAIRMAN. Do you solemnly swear to tell the truth, the whole truth, and nothing but the truth in the testimony you give before this committee, so help you God?

Lieutenant PENNINGTON. Yes, sir.

The CHAIRMAN. Be seated, Lieutenant Pennington, and give your title and connections with the plant to the reporter.

Lieutenant PENNINGTON. First Lt. Richard L. Pennington, Ordnance Department. I am assigned to the Wolf Creek Ordnance Plant.

TESTIMONY OF LT. RICHARD L. PENNINGTON, ORDNANCE DEPARTMENT, UNITED STATES ARMY, WOLF CREEK ORDNANCE PLANT, MILAN, TENN.

LABOR FEES

The CHAIRMAN. Lieutenant Pennington. I understand that you conducted some extensive investigations into labor rackets, shake-downs, and patronage on this project. I would appreciate it if you would make a statement of the substance of your investigations for the record.

Lieutenant PENNINGTON. Yes, sir. The term "labor racket" is a misnomer. The unions themselves are not involved in these rackets. It is a case of a number of the foremen and a superintendent who were shaking down the men under them, and there was no connection with the union.

Senator BREWSTER. Was this a union job?

Lieutenant PENNINGTON. Yes, sir.

Senator BREWSTER. Every man had to be a member of the union to get a job?

Lieutenant PENNINGTON. Yes, sir.

Senator BREWSTER. What was the average pay for joining?

Lieutenant PENNINGTON. There was quite a number of crafts involved. I have a list of the dues, assessments, and so forth.

Senator BREWSTER. Would you give three or four of the chief crafts; carpenters, for instance?

Lieutenant PENNINGTON. The cost of their card was \$35, for carpenters.

Senator BREWSTER. That was the joining fee?

Lieutenant PENNINGTON. That is right. The cost of the working permit was \$2 a month.

Senator BREWSTER. Working permit? What does that mean?

Lieutenant PENNINGTON. That was the cost required of a man who already was a member of the union when he came.

Senator BREWSTER. He might be a member somewhere else, and in order to get a permit to work here, he had to pay \$2 to the local union.

Lieutenant PENNINGTON. That is right.

Senator BREWSTER. Would you give a few other similar items in the other crafts?

Lieutenant PENNINGTON. The sheet-metal workers, \$125, monthly dues \$6.

Senator BREWSTER. What?

Lieutenant PENNINGTON. In Sheet Metal Workers International Association No. 4, the cost of the card was \$125, monthly dues \$6.

Senator BREWSTER. Was that in addition to the joining fee or was that the working permit?

Lieutenant PENNINGTON. That was the joining fee; yes, sir.

The CHAIRMAN. The \$125 was the joining fee, and \$6 a month was the privilege to work. Is that right? They had to pay \$125 and then \$6 a month, too.

Lieutenant PENNINGTON. Yes, sir.

Senator BREWSTER. They had to pay both?

Lieutenant PENNINGTON. Yes, sir.

Senator BREWSTER. Was that to the local union or to the international?

Lieutenant PENNINGTON. That was to the local union. I don't know how much of that was taken back.

The CHAIRMAN. How many of these metal workers did you have down here? Do you know?

Lieutenant PENNINGTON. No, sir; I couldn't say offhand.

Senator BREWSTER. Don't you have a rough idea? It would go into hundreds, I guess.

Lieutenant PENNINGTON. Yes; it would.

Senator BREWSTER. Thousands?

Lieutenant PENNINGTON. No, sir; it would not.

Senator BREWSTER. How many carpenters?

Lieutenant PENNINGTON. I couldn't say. The number varies quite extensively.

Senator BREWSTER. Do you know how many were employed altogether?

Lieutenant PENNINGTON. Well, about 15,000 men.

Senator BREWSTER. Fifteen thousand?

Lieutenant PENNINGTON. Yes, sir.

Senator BREWSTER. Who would have the figures as to the totals?

Lieutenant PENNINGTON. The total number of men?

Senator BREWSTER. Yes, sir.

Lieutenant PENNINGTON. In each craft?

Senator BREWSTER. Yes.

Lieutenant PENNINGTON. Well, the time department would have that.

Senator BREWSTER. Yes. Do you know what the production turnover was on the job?

Lieutenant PENNINGTON. No, sir; I don't.

Senator BREWSTER. You say there were 15,000 employed altogether?

Lieutenant PENNINGTON. That is right.

Senator BREWSTER. In the whole course of the project?

Lieutenant PENNINGTON. Yes, sir; that was the peak of the employment roll.

Senator BREWSTER. That was the peak. Then you employed a great many more individuals than that.

Lieutenant PENNINGTON. Yes, sir. I imagine around 20,000 in all.

Senator BREWSTER. That is just a rough estimate.

Lieutenant PENNINGTON. That is right; yes, sir.

Senator BREWSTER. What were some of the other fees for joining? You have given carpenters and sheet-metal workers.

The CHAIRMAN. What did the cement finishers have to pay?

Lieutenant PENNINGTON. \$80. That was the initiation fee.

Senator BREWSTER. What was the working permit?

Lieutenant PENNINGTON. No cost.

The CHAIRMAN. They had to pay \$80 in order to get a chance to work and didn't have to pay a monthly fee. Is that right?

Lieutenant PENNINGTON. They had to pay \$3 a month dues.

The CHAIRMAN. How many cement finishers did you have on the job up there? Do you know?

Lieutenant PENNINGTON. At the peak I think there were three or four hundred.

Senator BREWSTER. What about common laborers? Were they also of a union?

Lieutenant PENNINGTON. Yes, sir.

Senator BREWSTER. What was the fee there?

Lieutenant PENNINGTON. \$8.50. That included 3 months' dues.

Senator BREWSTER. And what were the dues after that?

Lieutenant PENNINGTON. \$1.25 a month.

Senator BREWSTER. Did you make an investigation as to the cement finishers to find out whether there were other payments being extorted from the men other than that referred to, the \$80 initiation fee?

Lieutenant PENNINGTON. Yes, sir. There were collections of 5 percent of the weekly check.

Senator BREWSTER. Was that 5 percent of their weekly wage paid to the union or to the business agent?

Lieutenant PENNINGTON. It was paid to the business agent.

Senator BREWSTER. That was in addition to the initiation fee?

Lieutenant PENNINGTON. Yes, sir.

Mr. FULTON. That was Mr. Hugo Glatt, was it not?

Lieutenant PENNINGTON. Yes, sir.

Mr. FULTON. We have affidavits from several individuals that he was collecting from them 5 percent of their wages.

Lieutenant PENNINGTON. Yes, sir.

Mr. FULTON. Did you ever take that matter up with Mr. Glatt?

Lieutenant PENNINGTON. Unofficially, yes, sir.

Mr. FULTON. Was the practice stopped?

Lieutenant PENNINGTON. No, sir. It hasn't been stopped.

Mr. FULTON. It still continues?

The CHAIRMAN. It still continues on the job?

Lieutenant PENNINGTON. Yes, sir.

The CHAIRMAN. He is shaking these people down for 5 percent of their pay every week for himself?

Lieutenant PENNINGTON. Well, he collects the money. I can't tell what he does with it.

The CHAIRMAN. How much does that amount to?

Lieutenant PENNINGTON. I think about a thousand dollars a week.

Senator BREWSTER. And what justification does he give for this? What is his service?

Lieutenant PENNINGTON. He claims to have the minutes of a meeting of the local there in which this 5 percent was voted by the members for assessment.

Senator BREWSTER. So that is in addition to the initiation fee and to the working permit fee?

Lieutenant PENNINGTON. Yes, sir.

Senator BREWSTER. That is on the side?

Lieutenant PENNINGTON. Yes, sir.

The CHAIRMAN. What happens to a man if he doesn't pay this 5 percent?

Lieutenant PENNINGTON. Some of them keep on working.

The CHAIRMAN. Some of them, you say?

Lieutenant PENNINGTON. Yes, sir.

The CHAIRMAN. What happens to the rest of them?

Lieutenant PENNINGTON. I haven't any record of any man being fired because he didn't pay this 5 percent.

The CHAIRMAN. Do you think he would be fired if he didn't pay it? Is that the policy of the contractor, to allow a performance like this to take place on a Government job? What is the matter with the contracting quartermaster that he is allowing this to go along and doing nothing about it?

Lieutenant PENNINGTON. The unions themselves are taking care of this matter.

The CHAIRMAN. It seems that they are very much taking care of it. A thousands dollars a week for nothing in the world but plain racketeering, in my opinion. What other shake-downs have you got out there beside that? You said something about foremen shaking down the men to get the work. What about that?

Lieutenant PENNINGTON. Well, these men have been given a preliminary hearing, and their trials are set for next month.

The CHAIRMAN. Oh, they are being prosecuted?

Lieutenant PENNINGTON. Yes, sir.

The CHAIRMAN. Good.

Senator BREWSTER. That is the foremen?

Lieutenant PENNINGTON. Yes, sir.

Senator BREWSTER. And how did they operate that racket as far as you would be free to testify on it?

Lieutenant PENNINGTON. They use their positions of authority to ask the men to pay them so much, sometimes so much a month, sometimes so much a week, for purposes of keeping their jobs.

Senator BREWSTER. Kick-backs?

Lieutenant PENNINGTON. Kick-backs.

Senator BREWSTER. And they were likely to be fired if they didn't pay it?

Lieutenant PENNINGTON. That was the threat; yes, sir.

The CHAIRMAN. Were any of them fired for that reason?

Lieutenant PENNINGTON. Yes, sir.

Mr. FULTON. Will you describe some of those practices as to how they were accomplished?

Lieutenant PENNINGTON. Well, the foreman, through his representatives, made these collections. The representatives would tell the men that it was customary to give a present to the superintendent, that it was done on other jobs and they saw no reason why they didn't do it here. They called it a token of appreciation of being allowed to work. And when the men objected by saying they didn't see any need for it, that he was working the same as they were, "Well, you either do it or else." That was the usual formula.

Senator BREWSTER. How did these men secure the jobs in the first instance? Was it necessary for them to see any outside agency or representative?

Lieutenant PENNINGTON. Except to go through the union, there was no other outside agency.

Senator BREWSTER. Did they run an employment service in connection with that?

Lieutenant PENNINGTON. The unions themselves furnished—

The CHAIRMAN. Does the Government have an employment service in this State as it has in every other State?

Lieutenant PENNINGTON. Yes, sir; the State employment service.

The CHAIRMAN. What interest did this employment service take in these people?

Lieutenant PENNINGTON. They had quite a lot of interest. Most of the applications were made to the State employment service.

The CHAIRMAN. Did the State employment service concur in these collections and rackets in order for these fellows to get the jobs?

Lieutenant PENNINGTON. I don't think they knew anything about it.

Senator BREWSTER. Was there any indication that people entirely outside the unions and the State employment service were taking an interest in putting people on the pay roll? Didn't you find some evidence of that?

Lieutenant PENNINGTON. We didn't find any proof of that. We heard a lot of stories, but we could find no real evidence.

Senator BREWSTER. You found no letters or notes?

Lieutenant PENNINGTON. Nothing that would prove that the man was receiving money for putting these people on.

Senator BREWSTER. I am not asking you about that. I am asking you whether or not there was evidence found that people outside, whether getting money or not, were loading the pay roll.

Lieutenant PENNINGTON. I didn't find anything like that.

Senator BREWSTER. You didn't find any communications requesting that they be put on?

Lieutenant PENNINGTON. Yes, sir; I did.

Senator BREWSTER. Now, what about those?

Lieutenant PENNINGTON. I don't understand the question.

Senator BREWSTER. What is that?

Lieutenant PENNINGTON. I don't understand the question.

Senator BREWSTER. I asked you what about the communications you found asking that the people to be put on the pay roll. From whom did those come?

Lieutenant PENNINGTON. A number of different people. There were several from Mr. David Murray, of Jackson, Tenn.

Senator BREWSTER. Who is he?

Lieutenant BREWSTER. He is attorney general for that district.

Senator BREWSTER. District attorney?

Lieutenant PENNINGTON. Yes, sir.

The CHAIRMAN. Is Mr. Murray the one who is prosecuting these racketeers?

Lieutenant PENNINGTON. No, sir; he is not the one.

Mr. FULTON. Who else did you get such notes from? Who else wrote such notes?

Lieutenant PENNINGTON. There was no one else that know of except the original requests.

Mr. FULTON. Any Army officers making such requests?

Lieutenant PENNINGTON. No, sir.

Mr. FULTON. Now, will you describe the labor organization of the contractor. After receiving a fee of a good many thousand dollars

for managing carefully the Government's project, what labor personnel agency did he set up and who did he put in charge of it?

Lieutenant PENNINGTON. Well, they set up a personnel office, managed by Mr. Oscar Miller.

Mr. FULTON. And who was Mr. Miller?

Lieutenant PENNINGTON. He was formerly in charge of the personnel at Camp Blanding. He has had quite a lot of experience.

The CHAIRMAN. Where did he come from?

Lieutenant PENNINGTON. Camp Blanding.

The CHAIRMAN. Did they go to Camp Blanding to get experts for this job? No wonder it has gone to hell. We found Camp Blanding as rotten as any camp construction program could possibly be. If they went to Camp Blanding for experts, no wonder they are in trouble.

Mr. FULTON. While Mr. Miller was personnel manager, what were his duties so far as you know?

Lieutenant PENNINGTON. To set up an organization to employ men, to keep their records, to make their photographs, to get their fingerprints, and to make physical examinations.

Mr. FULTON. So that it would be his function, on behalf of the contractor, to see that the Government's employment (because this is a Government expense) was done efficiently and with economy.

Lieutenant PENNINGTON. That is right.

Mr. FULTON. And without any racketeering.

Lieutenant PENNINGTON. It was the contractor's responsibility to furnish the labor.

Mr. FULTON. Did you make any investigation on behalf of the constructing quartermaster, with which, as I understand from your office, you are liaison officer, to find out how efficiently Mr. Miller was conducting his duties?

Lieutenant PENNINGTON. Only by implication.

Mr. FULTON. Did you investigate Mr. Miller's activity?

Lieutenant PENNINGTON. To a certain extent; yes, sir.

Mr. FULTON. What did you find?

Lieutenant PENNINGTON. Well, I found no evidence that he was doing anything wrong.

Mr. FULTON. Did you find any evidence that he was doing right? What did you find that he had done?

Lieutenant PENNINGTON. I didn't find out anything that he had done that was wrong. We had no proof that there were any corrupt practices in his office.

Mr. FULTON. Did you have any rumors with respect to that which you checked, and if so, what was the type of these rumors?

Lieutenant PENNINGTON. Why, there were thousands of rumors in the place. We checked and double checked most of them that seemed important. The rumors were to the effect that in order to get a job you had to pay off somebody outside.

Mr. FULTON. In that connection, when you checked you tried to establish that those were not so, I take it?

Lieutenant PENNINGTON. We tried to find out the truth.

Mr. FULTON. Yes. In doing that, how did you proceed?

Lieutenant PENNINGTON. We interviewed as many working people as we could and found that method to be followed.

Mr. FULTON. And in that connection did you find that the habitual and easy way of getting a job there was simply to present yourself with your credentials, if you were a member of any of these crafts anywhere in the United States, and say, "I want a job," or did you find there was some other way of getting it which had to be followed?

Lieutenant PENNINGTON. I think that was the usual practice that was followed, just to present yourself and await for a call for a job.

Mr. FULTON. But you found in the case of the cement finishers that it was quite different, did you not?

Lieutenant PENNINGTON. Naturally, they had to pay their initiation fee of \$80.

The CHAIRMAN. They also had to pay Mr. Glatt 5 percent, didn't they?

Lieutenant PENNINGTON. Yes, sir.

Mr. FULTON. Take another trade, say a carpenter, for example. A man may have been a union carpenter at some other Tennessee city, not a member of the local in that particular area, how did he go about getting his job?

Lieutenant PENNINGTON. He got a clearance card from his original local in the other place. He presented that card at the union office and got a clearance card.

Mr. FULTON. You mean at the local union office here?

Lieutenant PENNINGTON. That is right.

Mr. FULTON. And were they ever denied those clearance cards?

Lieutenant PENNINGTON. Not that I know of.

Mr. FULTON. Were they ever denied those in any union other than carpenters that you know of, except upon payment of a fee?

Lieutenant PENNINGTON. I haven't heard of any cases where they were denied.

Mr. FULTON. You have found no workmen who stated that that was the case?

Lieutenant PENNINGTON. Yes, sir; I did; but upon investigation we found it wasn't so.

Mr. FULTON. Do you mean you found it wasn't so?

Lieutenant PENNINGTON. Well, they were simply blaming the unions because they couldn't get a job because there were no jobs open for them.

Mr. FULTON. You found cases, though, where they had jobs and where they said they had paid for them?

Lieutenant PENNINGTON. No, sir; I didn't. I tried to do that, but we didn't find anyone who would testify.

Mr. FULTON. Did any of them testify to the solicitation of payment?

Lieutenant PENNINGTON. Not to get a job; no, sir. We couldn't get anyone to testify as to that.

Senator BREWSTER. In the enforcement of this union provision, would the union notify the Government of any man who wasn't duly qualified as a member of the union?

Lieutenant PENNINGTON. They would notify the personnel office.

Senator BREWSTER. Whoever was the proper Government representative. And that man would then be released if he didn't qualify under the union regulations?

Lieutenant PENNINGTON. Yes, sir. That was in the contract between the unions and the contractors.

Senator BREWSTER. And the contractor. And as far as you know, that was scrupulously adhered to?

Lieutenant PENNINGTON. So far as I know, yes, sir.

Mr. FULTON. If no one ever had any question of paying any money, why was it that they were willing to make these payments to foremen and others that you referred to on collections? It seems a bit strange that if, on the one hand, you say they said they were not solicited for payment of their jobs, on the other hand, you say they were solicited to make contributions in order to keep on the job.

Lieutenant PENNINGTON. That is right.

Mr. FULTON. How do you reconcile that matter?

Lieutenant PENNINGTON. I can't reconcile it.

Mr. FULTON. And did you ever make any statement with respect to Mr. Miller to the effect that he was pretty smart, but that no one had been successful in pinning it on him?

Lieutenant PENNINGTON. I may have said that he was pretty smart.

Mr. FULTON. What did you have in mind when you made that statement? What was the basis of it?

Lieutenant PENNINGTON. Well, he was a very capable man in the personnel office; he had quite a hard job to do.

Mr. FULTON. If he is so capable, isn't it a fact that the Government requested that he be replaced?

Lieutenant PENNINGTON. No, sir; the Government did not request him to be replaced.

Mr. FULTON. What was done in that respect? He was replaced, wasn't he?

Lieutenant PENNINGTON. Yes, sir. I think that was due to a reorganization and to a cutting down on the personnel. The peak of the employment had passed.

Mr. FULTON. You can't cut down to the point that you don't have a personnel manager, and they didn't, did they?

Lieutenant PENNINGTON. Well, they continued to have a personnel manager, yes, sir.

Mr. FULTON. So it wasn't a matter of cutting down. Now do you testify there were no recommendations and no statements of any kind made with respect to Oscar Miller that had anything to do with his being removed?

Lieutenant PENNINGTON. I made no statements or recommendations to the contractor so far as that was concerned.

Mr. FULTON. Did you make any statements to any of your superior officers with respect to Mr. Miller at any time?

Lieutenant PENNINGTON. All I could say was that we suspected—we couldn't prove.

Senator BREWSTER. He was released at the request of the Government. Is that correct?

Lieutenant PENNINGTON. No, sir. The Government didn't request that he be released.

Senator BREWSTER. What were the circumstances, then, which led to his release?

Lieutenant PENNINGTON. I think the contractor used his own judgment about that.

Senator BREWSTER. The contractor then transferred him to his Cleveland office?

Lieutenant PENNINGTON. That is what I understood.

Mr. FULTON. You made the statement, I take it, to your superior officers that you had suspicions about Mr. Miller but you couldn't prove them?

Lieutenant PENNINGTON. That is right.

Mr. FULTON. Then what actions, if any, what statements, if any, did they make to the contractor? Did they call those suspicions to the contractor's attention?

Lieutenant PENNINGTON. I don't know, sir. I wasn't present at those conferences.

Mr. FULTON. Then you didn't hear?

Lieutenant PENNINGTON. No, sir.

Mr. FULTON. And later, Mr. Miller was replaced. Is that the history of it?

Lieutenant PENNINGTON. That is the history.

Mr. FULTON. And who was put in his place?

Lieutenant PENNINGTON. Mr. Kingsley Ferguson.

Mr. FULTON. With respect to Mr. Ferguson, what were the activities that he engaged in thereafter? Would they be substantially the same or different?

Lieutenant PENNINGTON. Well, his assistant, Mr. Cupps, was directly in charge of the personnel office.

Mr. FULTON. With respect to these people who made these complaints that they couldn't get a job because they hadn't made any payments, did you find that those men were incompetent workmen?

Lieutenant PENNINGTON. No, sir; I didn't.

Mr. FULTON. Were they hired after Mr. Miller left?

Lieutenant PENNINGTON. Oh, no, sir. The peak of employment had passed, and a good many thousand were laid off.

Mr. FULTON. Were these people hired for any of the jobs that there might be?

Lieutenant PENNINGTON. When there was need for them; yes, sir, if they qualified.

Mr. FULTON. You have a definite recollection that some of those who made this type of complaint were thereafter hired?

Lieutenant PENNINGTON. I don't know whether they were or not. I didn't keep track of them.

The CHAIRMAN. We will put these affidavits in the record, regarding these 5-percent payments. Two of them are copies and one of them is the original.

(The affidavits referred to were marked "Exhibits Nos. 152-154" and appear in the appendix on pp. 3276-3277.)

Mr. FULTON. With respect to these notes requesting that various individuals be placed on the pay roll, are such notes still being sent out, do you know, with respect to this or any other Government project in this area?

Lieutenant PENNINGTON. I don't know. I don't think so. I hardly think so. Some of the people were requested to look up certain types of labor and send them over because some of them were difficult to get.

Senator BREWSTER. Is it customary for the district attorney to act as an employment agency here in Tennessee?

Lieutenant PENNINGTON. I don't know, sir. All I know is that several requests were made that the personnel office employ certain people.

Mr. FULTON. Requests went out to individuals who were not employees of the contractor, but who were thought to be in a position to get the appropriate quantities of labor, is that it?

Lieutenant PENNINGTON. That is what I understand; yes, sir.

Mr. FULTON. Who were some of those?

Lieutenant PENNINGTON. Why, I couldn't say. I don't know just how many people were employed. I think there was nothing out of order in making a request of that nature.

Mr. FULTON. What other types of persons were making those requests? The district attorney was one. Who else?

Lieutenant PENNINGTON. I don't know of anyone else.

Mr. FULTON. Didn't you just say that there were requests from various people to recruit labor?

Lieutenant PENNINGTON. I don't know them by name.

Mr. FULTON. But they were private individuals?

Lieutenant PENNINGTON. Yes, sir. It didn't involve much furnishing of labor; simply a recommendation as to who could do certain types of work.

Mr. FULTON. But you are not talking about contractors; you are talking about what laboring people and employees do that kind of work.

Lieutenant PENNINGTON. That is right.

Mr. FULTON. And isn't that a practice which would tend to create at least the opportunity to charge fees for hiring people?¹

Lieutenant PENNINGTON. I imagine that opportunity is there.

Mr. FULTON. Was there any necessity for such a practice where the Government had an employment office, where the unions have office, from which men could be obtained?

Lieutenant PENNINGTON. Well, it was the practice to employ local labor as much as possible.

Mr. FULTON. That still wouldn't make it impossible to use the local union office or the local employment office, would it?

Lieutenant PENNINGTON. No; I guess not.

Mr. FULTON. You could post that on the bulletin board, on the door, or even print it in the local papers. Did you find that that practice is still being continued after Mr. Miller was transferred?

Lieutenant PENNINGTON. I would have heard of it if it has.

Senator BREWSTER. Would the Government personnel man notify the union and the local employment office of the Government that he wanted so many laborers?

Lieutenant PENNINGTON. That is right.

Senator BREWSTER. You understand that he did that?

Lieutenant PENNINGTON. Yes, sir; he did.

Senator BREWSTER. But wasn't able to secure men through those sources?

Lieutenant PENNINGTON. Yes, sir; he was able to secure men through those sources.

Senator BREWSTER. Why did he need these outside agencies?

Lieutenant PENNINGTON. Laborers, for example, who weren't easy to get at sometimes.

Senator BREWSTER. What peculiar facilities would the district attorney have to provide them?

¹ In this connection see Exhibit No. 157, appendix, p. 3278.

Lieutenant PENNINGTON. I don't know. I just know that there were recommendations made.

Senator BREWSTER. It doesn't reconcile with human nature or human spirit that the average workman wouldn't prefer to go either to his union or the employment agency rather than to the district attorney unless there were some other reason. Isn't that obvious? I don't mean to intimate that the district attorney was grafting on the matter or getting any pay for it, but there must have been some other good and sufficient reason that the district attorney was recommending men. Mustn't there have been?

Lieutenant PENNINGTON. It was explained to me that it was a favor to some person.

Senator BREWSTER. Yes; a favor. I suppose they believe in reciprocity down here, don't they?

Lieutenant PENNINGTON. I don't know what they believe in, for that matter.

Senator BREWSTER. The district attorney wasn't doing that just because he was an eleemosynary institution, was he?

Lieutenant PENNINGTON. I couldn't say.

Mr. FULTON. With respect to those notes, have you found any of those notes going to anyone at the Parris balloon project?

Lieutenant PENNINGTON. No, sir; I haven't.

Mr. FULTON. Have you checked on that?

Lieutenant PENNINGTON. No, sir; I have not.

The CHAIRMAN. That is all, Lieutenant Pennington.

Lieutenant Bruce.

Mr. LEV G. LORING (president, Memphis Trades and Labor Council, Memphis, Tenn.) Mr. Chairman, if you please. This is Lev Loring, president of the Memphis Trades and Labor Council and the labor coordinator on the Wolf Creek ordnance plant. May I have a word to say?

The CHAIRMAN. You may not. We will call you when there is time to call you. We want Lieutenant Bruce right now.

Lieutenant Bruce, do you solemnly swear to tell the truth, the whole truth, and nothing but the truth in your testimony before this committee, so help you God?

Lieutenant BRUCE. I do so swear.

The CHAIRMAN. Just be seated and give the reporter your title and connection, if you please, sir.

Lieutenant BRUCE. Lt. C. H. Bruce, Quartermaster Corps, purchasing officer.

TESTIMONY OF LT. C. H. BRUCE, QUARTERMASTER CORPS. PURCHASING OFFICER, WOLF CREEK ORDNANCE PLANT AND MILAN ORDNANCE DEPOT, MILAN, TENN.

Mr. FULTON. Lieutenant Bruce, do you have anything to do with the commissary or with checking on the commissary?

Lieutenant BRUCE. No, sir; I have not.

EQUIPMENT PURCHASE AND RENTAL PROCEDURES

Mr. FULTON. As purchasing agent for the Government on subcontracts and other materials, have you done any checking on those questions?

Lieutenant BRUCE. Relative to the commissary, you mean?

Mr. FULTON. Yes.

Lieutenant BRUCE. No, sir; that didn't come under my jurisdiction.

Mr. FULTON. I note with respect to checking on purchases of materials, you checked up on various materials that you found were purchased under what might be regarded as improper circumstances or in unnecessarily large quantities or otherwise?

Lieutenant BRUCE. Construction materials, you mean?

Mr. FULTON. Any materials.

Lieutenant BRUCE. The only material that would come under my jurisdiction would be purchases of construction material through the contractor, Ferguson-Oman, on their purchase orders, and some supplemental equipment that would be used in the operation of that commissary under the contract of Procter & Gamble.

Mr. FULTON. Would you tell us what you found in that connection?

Lieutenant BRUCE. I didn't find anything out of line; no, sir.

Mr. FULTON. In any of the material that was purchased you found nothing out of line?

Lieutenant BRUCE. Not to my knowledge; no, sir.

Mr. FULTON. One thing that struck the committee was that there had been purchased something like 26,000,000 paper cups. It looks as if that is a tremendous quantity. Is that a fact?

Lieutenant BRUCE. When you refer to paper cups, that involves mostly the distribution of cups for the construction group of Ferguson-Oman in the whole operation of Wolf Creek ordnance plant. It is not tied down definitely with the commissary of P. & G. Maybe I am not understanding your question correctly, but the paper-cup situation was mostly for the laboring groups under construction.

Mr. FULTON. And will you tell us about that situation? Why would they need 26,000,000 cups?

Lieutenant BRUCE. I was not aware particularly of the total amount there. I know we have had very great difficulty in obtaining cups, and we had demands by the sanitation committee of the State to furnish paper cups for the laboring groups. We made every effort to obtain the best price on these cups, which I am sure we have obtained.

Mr. FULTON. Is that number approximately correct?

Lieutenant BRUCE. I believe it is. I have nothing to verify it in my position right now this morning.

Mr. FULTON. What check did you make to establish that you needed any such quantities as that?

Lieutenant BRUCE. We made check with not only our project here, but I asked the salesmen and other men who were connected with other projects to tie in a comparative figure on the consumption of paper cups on other projects such as our own.

Mr. FULTON. In other words, you asked the salesmen of paper cups whether that was an excessive amount to be purchased. Is that right?

Lieutenant BRUCE. I didn't understand your question.

Mr. FULTON. You asked the salesmen of paper cups whether they thought you were buying too many from them?

Lieutenant BRUCE. I asked him for a comparison of the number of paper cups that were used on other projects as compared to ours.

Mr. FULTON. And you found that you should have a quantity as big as that?

Lieutenant BRUCE. We found that it was apparently necessary that we have a large quantity of the cups; yes, sir.

Mr. FULTON. Did you check to find out how many that meant per man per day?

Lieutenant BRUCE. I made a check on several instances. It has been quite a while ago. I don't know whether I can give you the exact figure or not, but our average was two or three cups per man more than some of the other projects.

Senator BREWSTER. Two or three a day?

Lieutenant BRUCE. Yes, sir.

Mr. FULTON. Two or three a day more?

Senator BREWSTER. Yes.

Mr. FULTON. How much did that amount to a day, because some of the other projects might not have had too few cups, either.

Lieutenant BRUCE. I wouldn't be in a position to say.

Mr. FULTON. How many a day does a man need in order to be supplied?

Lieutenant BRUCE. On this project it is estimated about 10 cups a day—8 to 10.

Mr. FULTON. How many were you using?

Lieutenant BRUCE. I have no figure on that.

Mr. FULTON. Wouldn't that be an important figure?

Lieutenant BRUCE. It was in line with that figure, however.

Mr. FULTON. Would you say you were using 12 or 14 or what?

Lieutenant BRUCE. We were using between 8 and 10 cups a day.

Mr. FULTON. I don't quite understand. You say first you use 2 or 3 a day more than the other projects. Second, you say that 8 or 10 is the amount that should be used.

Lieutenant BRUCE. Eight or ten was the amount that we were using. Some of the other projects were using between six to eight cups.

Mr. FULTON. Did that 8 or 10 come from the entire 26,000,000?

Lieutenant BRUCE. Approximately, yes. It is rather a hard figure to estimate on anything of that kind. I hope you can visualize a picture of men who have probably never worked and had specific sanitation methods given to them to operate under. That may sound like a rather vague statement, but it occurred to me when we were given the instructions to furnish all laboring men paper cups, that it seemed rather out of line that that requisition should be made on us on the part of the State health department. But apparently there wasn't anything we could do about it. If you are familiar with laboring groups, you will know that when they get out in the field and start using something that they are not accustomed to formerly, they very often abuse that privilege.

Senator BREWSTER. You think they had never used paper cups in Tennessee before?

Lieutenant BRUCE. I don't mean to insinuate that; no, sir. My understanding is that it has only been within recent years that both State and Federal Health Departments have insisted on the plentiful use of paper cups for sanitation purposes out in the group. You

know yourself if you go out on a construction crew that in lots of instances they will have a bucket there and a man with a tin cup, and they will all drink out of that cup. You have done it, and I have done it. That wasn't the procedure on this program. We had to get paper cups, so we got paper cups.

Mr. FULTON. Have you checked all these invoices for paper cups?

Lieutenant BRUCE. I have scrutinized them as they came across. We have been trying definitely to reduce them as the hot weather decreased so that we wouldn't have to use any more. However, we did try to estimate as much as we could have, and if you are familiar, I also handle priorities on this job, and paper, among other things, has been a very critical item to get.

Mr. FULTON. Have you checked particularly to make sure that you have not paid for some of these cups twice without knowing it?

Lieutenant BRUCE. I have no way of checking on that myself. That would be another branch.

Mr. FULTON. Have you produced invoices Nos. 1364 and 5839 for paper cups?

Lieutenant BRUCE. I don't believe so. What were those numbers?

Mr. FULTON. 1364 and 5839, amounting to \$1,212, indicating that it is the same receiving ticket from the railroad, No. 46249. The question arises as to whether you paid for the same cups twice.

Lieutenant BRUCE. As far as I know, we didn't make any double payments, but, of course, that is a little bit out of my category.

Mr. FULTON. Well, the next question is ice boxes. Have you anything to do with the purchase of ice?

Lieutenant BRUCE. Ice? When we first started on the project, the item of ice naturally came up, because we were also instructed to furnish ice in barrels out in the field for the laborers to have cold water. Yes, sir.

Mr. FULTON. You bought about 350 ice coolers, didn't you?

Lieutenant BRUCE. Ice barrels, water barrels, heavy barrels with a tap on them; yes, sir. I don't know what the total quantity exactly was.

Mr. FULTON. As I understand it, those were filled once a day with a certain quantity of ice, 75 pounds a day, amounting to \$150 a day for that service. How much ice was used for those barrels?

Lieutenant BRUCE. Well, of course that would vary. We didn't try to keep ice-cold water, because we realize that is a situation that labor can't work very well with. We tried to keep the water cool.

Mr. FULTON. What I am talking about is how much ice did they furnish for \$150 a day?

Lieutenant BRUCE. I wouldn't know what the total poundage was. We tried to maintain somewhere between 50 and 75 pounds of ice in a 55-gallon barrel.

Mr. FULTON. Now strictly speaking, did they furnish any ice for that charge of 75 cents, or was that a charge made for the water?

Lieutenant BRUCE. As far as I know, they supported that charge with ice, to the best of my knowledge.

Mr. FULTON. In other words, it was 75 cents for the ice plus the water, not just for the water. Are you sure of that?

Lieutenant BRUCE. The 75 cents there was a charge for ice and water both. Now, I think you have something in error in your own mind, if I may put it that way. When we first came on the project

there was no water available for labor. In fact, there was no water in the area. We had to dig large wells for that purpose, and we were forced, in order to get water out in the area, to use the 5-gallon jars of water which were filled by the Beare Ice & Coal Co.

Mr. FULTON. So it was five—

Lieutenant BRUCE (interposing). We had 50-gallon barrels after we got a supply of water and those barrels were maintained with ice by the Ferguson-Oman contract.

Mr. FULTON. Then what it amounts to is paying \$150 for about 1,200 gallons of water a day in those coolers.

Lieutenant BRUCE. You have ice and water combined in that figure.

Mr. FULTON. You are sure of that?

Lieutenant BRUCE. To the best of my knowledge, yes, sir; that is what we are paying for.

Mr. FULTON. Have you made any compilation of subcontracts on this job—the number and amount?

Lieutenant BRUCE. I have a brief schedule here on that; yes, sir.

Mr. FULTON. How many subcontracts did they have on this job?

Lieutenant BRUCE. There were 69 subcontracts made to the Ferguson-Oman Co. in the Wolf Creek area, and there are 9 subcontracts on the Milan ordnance depot.

Mr. FULTON. What did they total in millions of dollars?

Lieutenant BRUCE. I don't have that total. I have them as individual items. I don't have the total.

Mr. FULTON. What was the nature of these subcontracts?

Lieutenant BRUCE. They were subcontracts that were made as indicated roughly in the negotiations with the prime contractor in Washington last December, on well-digging, electrical work, plumbing work, roofing, igloo construction.

Mr. FULTON. What is that subcontract on igloo construction?

Lieutenant BRUCE. That subcontract is on the Milan ordnance depot No. 6.

Mr. FULTON. What is it in amount? What type of contract is it?

Lieutenant BRUCE. That is made with the Midwestern people for the construction of the igloos in that area.

Mr. FULTON. What did it involve in amount?

Lieutenant BRUCE. Just a minute. I will find it for you—\$2,432,500.

Mr. FULTON. Is that a straight contract or a cost-plus contract?

Lieutenant BRUCE. That is a straight contract. I beg your pardon. That is a fixed-fee contract to the extent that the Midwest people were to furnish certain materials and labor, and we were to furnish certain materials.

The CHAIRMAN. Who pays that fixed fee, the Government or the contractors?

Lieutenant BRUCE. I presume the Government does.

The CHAIRMAN. Did the Government let this contract in the first place on a fixed-fee basis so that that would be the total overhead expense? On that authority was that contract let on another fixed-fee basis? Why not make the contract in the first place?

Lieutenant BRUCE. Well, it was one of those contracts where we found that it probably would be cheaper and more efficient in the end to let to a subcontractor than to do it himself.

Senator BREWSTER. Weren't you paying the contractor for the know-how?

Lieutenant BRUCE. Sir?

Senator BREWSTER. Wasn't the Government paying the contractor for the know-how?

Lieutenant BRUCE. You mean in the original prime contract?

Senator BREWSTER. Yes.

Lieutenant BRUCE. I wouldn't be in a position to say.

Senator BREWSTER. What were they paying them for?

The CHAIRMAN. What did they hire them for?

Lieutenant BRUCE. To do the job, of course.

Senator BREWSTER. For the know-how?

Lieutenant BRUCE. This was—especially the igloo construction—a specialized proposition, and they found after——

The CHAIRMAN (interposing). But this is a fixed fee to this subcontractor in addition to the fixed fee in the prime contract.

Lieutenant BRUCE. That is right.

The CHAIRMAN. And the Government pays both?

Lieutenant BRUCE. I wouldn't want to be quoted on whether the Government is paying that additional fixed fee or not.

Mr. FULTON. Who is?

Mr. MANIER. So that you won't be misled, might I state that was a lump-sum contract, and there was no fixed fee involved in it at all.¹

Mr. FULTON. And is there no profit involved in it?

Mr. MANIER. I imagine the subcontractor assumes——

The CHAIRMAN (interposing). Give your name to the reporter, please.

Mr. MANIER. My name is Manier. I am attorney for the contractor. Will R. Manier, Jr.

Mr. FULTON. You are attorney for the contractor?

Mr. MANIER. Yes, sir.

Mr. FULTON. Is it true the contractor was hired for the purpose of constructing this?

Mr. MANIER. I would think that was involved in it, and by arrangement with the people in Washington, this contract was sublet for a lump sum.

Mr. FULTON. When was that arrangement made?

Mr. MANIER. I think after the contract was made.

Mr. FULTON. So that after you were selected, you went back to Washington and asked——

Mr. MANIER (interposing). I don't know the details of it myself, but I merely wanted to correct the fact that there was no fixed fee given to the subcontractor, that it was a lump-sum contract.

The CHAIRMAN. The lieutenant just now testified that it was a fixed fee.

Mr. MANIER. I think he was mistaken about that.

Lieutenant BRUCE. I am in error there, sir.

Mr. FULTON. And are there any fixed-fee subcontracts?

Mr. MANIER. I could not answer that question, but as far as I know, none of these are fixed fees.

¹ Will R. Manier, Jr., of Manier & Crouch, Nashville, Tenn., counsel for Oman Construction Co. and H. K. Ferguson Co.

Mr. FULTON. There are none?

Mr. MANIER. I am told there are some.

Mr. FULTON. I know there are some.

Mr. MANIER. Well, I say I am told so. I don't know that. But this one was not one, I am informed by my clients.

Mr. FULTON. Do you know of any authority for a contractor letting another contract on fixed fee after he himself had already been given a fixed fee on it?

Mr. MANIER. I don't know what the arrangements were about that. I am not familiar with the details of the two contracts.

Mr. FULTON. Then as attorney for the company, you haven't considered that problem?

Mr. MANIER. I haven't had that called to my attention. I did have this moment called to my attention that this particular item was not a fixed-fee contract, and I didn't want you to get confused, because I was sure the lieutenant was mistaken about it.

Mr. FULTON. As to other items, you are aware that there are fixed fees?

Mr. MANIER. I am told this moment that there were, but I don't know what they were. None of them had ever been called to my attention. I only had this called to my attention that that was an inaccuracy on the part of the testimony, and I thought you would like to have the record correct and not have something incorrect.

The CHAIRMAN. Thank you.

Mr. FULTON. With respect to other materials, then, will you tell us the nature of the check you made to make sure that they are necessary and useful? Have you checked on the question of parts for automobiles and the repair of equipment?

Lieutenant BRUCE. Yes, sir.

Mr. FULTON. Are you satisfied that all those are needed?

Lieutenant BRUCE. To the best of my ability, we have made a check on the purchase and repair of equipment to this extent. We set up an operation whereby the C. Q. M. had a representative in the light equipment garage and in the heavy equipment garage. These men were men who had had experience in the types of equipment they were supervising. When any purchases had to be made for repair parts, the original requisition, as it was made out by the repair foreman or whatever position he occupied in the repair equipment garage, was scrutinized by these men to see that that equipment was actually necessary for the continued operation of the equipment.

Mr. FULTON. And you found no complaints in respect to the methods of purchases and the way it was handled?

Lieutenant BRUCE. No, sir.

Mr. FULTON. And as far as your experience and reputation is concerned, you consider that there has been a good job done?

Lieutenant BRUCE. So far as I know; yes, sir. These men both scrutinized the requisitions with the garage foremen or heavy or light equipment foremen and indicated their approval on the requisition by their signature.

Mr. FULTON. Whether they indicated approval or not, you personally are satisfied that the conduct of that work has been done and well done?

Lieutenant BRUCE. Yes, sir; to the best of my ability.

Senator BREWSTER. What was your prior experience, Lieutenant? Was it in the Army or private business?

Lieutenant BRUCE. I was in private business with the Appalachian Electric Power Co., Charleston, W. Va.

Senator BREWSTER. How many years was that?

Lieutenant BRUCE. About 4 years before I came into the Army.

Senator BREWSTER. Was that in construction work?

Lieutenant BRUCE. Rural service construction.

Senator BREWSTER. Rural construction. And then you came into the Army at the time of the emergency?

Lieutenant BRUCE. Yes, sir.

Senator BREWSTER. How long have you been with the Army?

Lieutenant BRUCE. I received my orders January 27, 1941.

Senator BREWSTER. In the Quartermaster Corps?

Lieutenant BRUCE. Yes, sir; that is right.

Senator BREWSTER. You had engineering training, did you?

Lieutenant BRUCE. Briefly.

Mr. FULTON. Was any subcontracting done on this job? First you have subcontracts. Now, have you any subcontracts to subcontract?

Lieutenant BRUCE. Not to my knowledge; no, sir.

Mr. FULTON. Have you ever checked to find out whether that is being done?

Lieutenant BRUCE. I never have; no.

Mr. FULTON. Of course, then, you wouldn't know whether they have been let on a fee basis or on a profit basis.

The CHAIRMAN. That is all, Lieutenant Bruce.

If the labor gentleman who wanted to testify awhile ago will come up here now, I will give him a chance.

Do you solemnly swear to tell the truth, the whole truth, and nothing but the truth in your testimony before this committee, so help you God?

Mr. LORING. I do.

TESTIMONY OF LEV G. LORING, PRESIDENT, MEMPHIS TRADES AND LABOR COUNCIL, AND LABOR COORDINATOR OF WOLF CREEK ORDNANCE PLANT

The CHAIRMAN. Be seated and give your name and connections to the reporter.

Mr. LORING. Lev G. Loring, president of the Memphis Labor Council; also the labor coordinator of the Wolf Creek ordnance plant.

Senator BREWSTER. When you say "labor coordinator," that means for the local council?

Mr. LORING. Yes, sir.

Senator BREWSTER. Who named you labor coordinator?

Mr. LORING. I was elected by the various unions.

Senator BREWSTER. By the trade council?

LABOR FEES

Mr. LORING. No. In this particular instance, on this job, the job is in the jurisdiction of some local unions in Memphis, and then in other local unions they are in the jurisdiction of Jackson, which is their center. So at the beginning of this project, when it started, I, with representatives of the 19 different crafts in the building trades department of the American Federation of Labor, called upon the contractor and inquired as to his labor policies, whether he was going to work union labor or not. We had several meetings with the contractor, and at one meeting (I think it was the first) the contractor's representative made the statement that he didn't know whether that was going to be a union job or not. And then (I don't know whether it was the second or third meeting) we entered into an agreement known in the trade as a building trades agreement, a closed shop agreement.

Senator BREWSTER. Have you a copy of that?

Mr. LORING. No; I didn't think I was even going to have anything to say in this.

Senator BREWSTER. Will you furnish that for the record this afternoon and give it to the reporter?

Mr. LORING. I will furnish it for the record this afternoon. It was a closed-shop agreement, the standard closed-shop agreement, with the exception of one clause, that people who lived on the ground that were going to be dispossessed of their homes at this project, be admitted to the unions without any initiation fee, that they could come into the union in any occupation or craft that they may qualify for with no initiation fees. Of course, they would be expected to maintain and keep up their union affiliation.

Senator BREWSTER. You mean pay their monthly dues?

Mr. LORING. Pay the dues and the assessment.

Now, regarding the testimony given by Lieutenant Pennington with regard to a certain Mr. Glatt in the Cement Finishers' Union, possibly I could clear that up.

The CHAIRMAN. I think it needs clearing up badly.

Mr. LORING. No; it doesn't need any clearing up. The unions have an initiation fee. The initiation fee to the Cement Finishers' Union is \$80. They, assembled in meeting, assessed themselves with 5 percent of the hours that they worked. That is paid into the union.

Mr. FULTON. To the union or to Mr. Glatt?

Mr. LORING. Paid into the union.

The CHAIRMAN. To what union, for what purpose?

Mr. LORING. For any purpose that they may use it for.

Mr. FULTON. Did Mr. Glatt obtain that 5 percent?

Mr. LORING. So that the record will be clear, Mr. Glatt is the business representative of that union.

Mr. FULTON. The question I asked was whether he gets that 5 percent.

Mr. LORING. He is authorized to collect that 5 percent.

The CHAIRMAN. For his own use?

Mr. LORING. No; not for his own use at all.

Mr. FULTON. For whose use?

Mr. LORING. He turns that over to the treasurer of the union. The CHAIRMAN. Is it accounted for by the union?

Mr. LORING. Yes. It has to be accounted for. In this particular instance, in September, it came to my ears that there was alleged racketeering on that job.

The CHAIRMAN. It has been heard all over the United States. I even heard it as far west as Kansas City, Mo.

Mr. LORING. Well, I am going to tell you the straight of it now.

The CHAIRMAN. All right; proceed.

Mr. LORING. I called a meeting of all the business representatives whose crafts are working on that job.

Mr. FULTON. Now, let's get back——

Mr. LORING (interposing). Wait a minute. Let me get through testifying.

The CHAIRMAN. Just answer the questions.

Mr. FULTON. Part of that 5 percent goes to Mr. Glatt?

Mr. LORING. Will you state the question?

The CHAIRMAN. I had to caution Mr. Hillman to answer the questions at these hearings, and I will have to ask you to do the same thing.

Mr. FULTON. We were talking about Mr. Glatt. That 5 percent was estimated by Lieutenant Pennington to be \$1,000 a week, and you say that that goes not to Mr. Glatt but to the union?

Mr. LORING. Yes, sir.

Mr. FULTON. After it goes to the treasurer of the union, does it go to Mr. Glatt?

Mr. LORING. No, sir.

Mr. FULTON. How was he to be remunerated?

Mr. LORING. About \$60 or \$65 a week salary.

Mr. FULTON. And there was no provision that he should get 5 percent or any part of that?

Mr. LORING. No, sir.

Mr. FULTON. On what fact do you base your statement, what investigation?

Mr. LORING. I had started to tell about the meeting——

Mr. FULTON (interposing). No; no. I wasn't interested in the meeting. You can tell about that later. But what facts do you have as to Mr. Glatt on which you base such a statement?

Mr. LORING. Only through the statement of their international president, Mr. Mooney.

Senator BREWSTER. What was that?

Mr. LORING. That he had investigated the situation. I called his attention to it, and he sent a man in to Memphis and investigated the situation.

Mr. FULTON. Did you talk with that man?

Mr. LORING. Who?

Mr. FULTON. Who investigated.

Mr. LORING. No. At the time that the investigator came in I was attending the convention of the American Federation of Labor at Seattle.

Mr. FULTON. Have you talked to Mr. Glatt himself?

Mr. LORING. Yes.

Mr. FULTON. About this point?

Mr. LORING. Yes, sir.

Mr. FULTON. What did he specifically tell you?

Mr. LORING. He told me that he was only getting his salary.

Mr. FULTON. Sixty dollars a week?

Mr. LORING. About \$65 or \$70 a week. I forget what the salary is. About that.

Senator BREWSTER. What have the 19 crafts under your charge collected on this job?

Mr. LORING. What have they collected? I have no way of knowing that.

Senator BREWSTER. Aren't you the president of the local council?

Mr. LORING. Yes, sir; but each local union has officers of its own, and I have no right to go in. Neither does the president of the American Federation of Labor have any right to go in.

Senator BREWSTER. What about the President of the United States? Would he have a right to go in?

Mr. LORING. If it is lawful for him to do it, I suppose he has the right, but if the Constitution doesn't give him that right, then he doesn't have a right.

Senator BREWSTER. Don't you think that the United States Government is a little interested in what becomes of Government funds?

Mr. LORING. I should think so.

Senator BREWSTER. That is what our purpose is in being here, and you volunteered as a witness, as president of this local council, and you say that you have no knowledge or no means of knowing how much the organizations under your jurisdiction have received from the Government on this job.

Mr. LORING. That is correct.

Senator BREWSTER. And even if we should request you to go out, you would be unable to find out.

Mr. LORING. I would be unable to find out.

Senator BREWSTER. That is extremely interesting. What is the particular organization you are connected with?

Mr. LORING. The plumbers' union.

Senator BREWSTER. Do you know what they have received?

Mr. LORING. No; that is, I would have to get that from our secretary, but about the plumbers' union I can produce how much the mechanics on the job have paid in.

Senator BREWSTER. Yes; you say you can find that out?

Mr. LORING. Yes, sir.

Senator BREWSTER. And you will do that for us?

Mr. LORING. Yes.

The CHAIRMAN. Give that to us for our records.

Senator BREWSTER. But you wouldn't have any means of getting it from these other agencies. Will you request them to furnish us with that information?

Mr. LORING. I will do that.

Senator BREWSTER. Each one of the 19 crafts?

Mr. LORING. Yes, sir.

Senator BREWSTER. That they will furnish this committee with the amount which they have collected either as initiation fees, as monthly dues, or as special assessments of 5 percent. You will ask them to do that?

Mr. LORING. I will ask them.

The CHAIRMAN. Furnish that for our record.

Senator BREWSTER. Did any of the other trades vote this 5 percent levy?

Mr. LORING. Not that I know of. I don't think, to my knowledge, that any other trade has that 5 percent.

Senator BREWSTER. What was—

Mr. LORING (interposing). Now then, the plumbers have. Their assessment is a little different. Each plumber or steamfitter working on that job pays 40 cents a day.

The CHAIRMAN. \$12 a month if he works 30 days.

Mr. LORING. Yes; now, he doesn't pay the days that he doesn't work.

Senator BREWSTER. What would his pay average per day?

Mr. LORING. Well, \$12 a day.

Senator BREWSTER. So that is about a little less than 5 percent. And how many members did you have in your council before this project started, labor-union members?

Mr. LORING. Now possibly—here is the question, Mr. Chairman. Of course, I am supposed to answer yes or no.

The CHAIRMAN. No, no; you are not supposed to answer yes or no, but just answer the questions.

Mr. LORING. In the Memphis Trades Council here in Memphis each local union that is affiliated has five delegates.

Senator BREWSTER. I am asking you how many individual labor-union members you had in your council before this project started. That is the question. Approximately how many?

The CHAIRMAN. How many members did the building trades have in this area?

Mr. LORING. That is purely a guess.

Senator BREWSTER. You can approximate it.

The CHAIRMAN. Give us an estimate.

Mr. LORING. I suppose we must have had in the city of Memphis here 12 or 14 thousand.

The CHAIRMAN. How many have you now?

Mr. LORING. Well, I have no way of checking on that.

Mr. FULTON. Give us the plumbers. How many did you have before and after?

Mr. LORING. Well, we had prior to this defense work in the neighborhood—we had 100 members of the plumbers. Now we have about 160.

Mr. FULTON. What was that initiation fee?

Mr. LORING. Initiation fee to the Plumbers' Union is \$150, and it has been \$150 for 20 years.

Mr. FULTON. So that increase of 60 members meant \$9,000 in initiation fees. And how many did you have on that job?

Mr. LORING. Well, in rough numbers now I suppose there are about 125 to 130 up there.

Mr. FULTON. And those who didn't get initiated have to pay for work permits?

Mr. LORING. That is on the Milan job. On the Wolf Creek job, up there we took no new members in off of that job.

Senator BREWSTER. You were able to supply all they needed?

Mr. LORING. We were able to supply them.

Mr. FULTON. By increasing your membership from 100 to 160.

Mr. LORING. That membership here—I am not saying that all those are initiation fees. I don't suppose we have taken in a dozen new members. If a plumber from Chicago comes to work in this area, then he brings a transfer card and transfers from the local union in Chicago into this union, and he doesn't pay anything.

Senator BREWSTER. Except the daily 40 cents.

Mr. LORING. Yes, sir.

Mr. FULTON. And you say there are from 100 to 125 of them on the average working up there?

Mr. LORING. Not on the average. I just can't say—that is, unless I have the figures with me, and I didn't come prepared for that. The only thing I wanted to make was a statement about the cement finishers, but I will be glad to answer any questions.

The CHAIRMAN. We will have Mr. Glatt come up here this afternoon and bring his books and make a statement for himself on the cement finishers business.

Senator BREWSTER. On the plumbers, then, it averaged 75 to a 100, you say—something like that—on the job?

Mr. LORING. It would average that.

Senator BREWSTER. That would run around \$40 a day for daily dues?

Mr. LORING. Yes.

Senator BREWSTER. Which would be around \$250 a week. \$1,000 a month.

Mr. LORING. Right.

Senator BREWSTER. In addition to whatever other—

Mr. LORING (interposing). That goes in the bank to the credit of the local union.

Senator BREWSTER. Do you have any arrangement with your international about the disposition of that?

Mr. LORING. The international doesn't have anything to do about that; that is, we have purely local autonomy on that.

Senator BREWSTER. You are pretty familiar with the union arrangements with the American Federation?

Mr. LORING. Yes, sir.

Senator BREWSTER. Are you familiar with the arrangements under which certain internationals have taken over the locals for the duration of the emergency?

Mr. LORING. Yes; but under our constitution that the United Association has, there is no provision that the international can take it over.

Senator BREWSTER. Is there anything to prevent a local union from voting a contract by which the international shall take over its powers and treasury and conduct for the duration of the emergency?

Mr. LORING. There isn't anything in the United Association constitution that provides for that.

Senator BREWSTER. I didn't ask you that. I asked you whether anything prevented it.

Mr. LORING. Yes.

Senator BREWSTER. There is?

Mr. LORING. Yes.

Senator BREWSTER. Is that true of the other crafts?

Mr. LORING. I can't speak for the others.

Senator BREWSTER. I was qualifying you as an expert. I take it you perhaps know a great deal more than you want to disclose, and I don't

want to embarrass you. You were up at Seattle. You saw the boys there?

Mr. LORING. Yes.

Senator BREWSTER. You know what some of the organizations have done in eliminating locals, don't you?

Mr. LORING. Yes.

Senator BREWSTER. You know how it is worked.

Mr. LORING. I don't know what you refer to.

Senator BREWSTER. I am referring to the hod carriers, for instance. Have you a hod carriers' union here?

Mr. LORING. Yes.

Senator BREWSTER. Do you know how they make their arrangements with the international to take over the local?

Mr. LORING. Well, that is the hod carriers have taken over the locals.

Senator BREWSTER. Yes.

Mr. LORING. And can take them over.

Senator BREWSTER. Yes; they can do that. They have already done that.

Mr. LORING. But my international can't. Now, here is this, too. This is for the record. If a local union violates the constitution—

The CHAIRMAN (interposing). Well, when the hod carriers' international takes over the locals, that is for the purpose of siphoning money out for the use of the international, isn't it?

Mr. LORING. No so far as I know of.

The CHAIRMAN. For what reason is it, then?

Senator BREWSTER. You have never heard that?

Mr. LORING. I have heard lots of things, but what I hear and what I know are two different things.

Senator BREWSTER. I think, as an experienced labor man, you will appreciate that we are going to have the cards on the table. You know that. I think if you will suggest to your associates in the building trades that they be as frank as you have been and tell us just how this worked out and what was received and accounted for—it presents, as you know, a rather fundamental issue in this whole labor issue which is convulsing the country. Congress is considering action. But I think the chairman and counsel will sustain me in the proposition that this committee has very broad powers of inquiry into matters which concern our defense activities, into which category you certainly come, and what becomes of the money. I think the Memphis group here can render a very real service in getting this thing straight. You know there are a lot of rumors, a lot of conversation, but let's have it all right on the table, just what has been received and how it has been disposed of. It may be later that there will be legislation, and this legislation may go very much further than might to you or others seem advisable unless we have the full facts.

Mr. LORING. Well, that's the purpose at this time, if you will pardon me for saying it, to bring out the facts.

Senator BREWSTER. If you will get in touch with them, we will be here tomorrow, will we?

The CHAIRMAN. Yes.

Senator BREWSTER. You could find out what some of the representatives say, whether they are willing to be as frank as you have been.

You have stated that you will get the figures of your Plumbers' Union and present them to us. Find out whether some of the other organizations, particularly the carpenters and the cement finishers, will be willing to do the same thing. I am not suggesting here that we shall summon them, because that is a matter that the committee will consider, but I think you will render a real service to labor if they show that disposition to cooperate.

The CHAIRMAN. And we will expect you back tomorrow with the information on that subject for the record.

Mr. LORING. All right, sir.

The CHAIRMAN. The committee has been hampered in its hearings this morning due to the fact that the Army has failed to get five of our most important witnesses here. In fact, some of these most important witnesses have been transferred off this project just as far away as they could possibly be sent. One, I understand, is in San Francisco, and the other is in Portland, Oreg. For the benefit of those who are interested, the committee will go to the bottom of the whole situation if we have to bring the witnesses back from China.

We will now take a recess until 2 o'clock this afternoon, when we will hear Captain Kibler and then Mr. Glatt.

(Whereupon, at 12:10 p. m., the committee recessed until 2 p. m. of the same day.)

AFTERNOON SESSION

The CHAIRMAN. Captain Kibler?

Captain KIBLER. Yes, sir.

The CHAIRMAN. Captain, do you solemnly swear to tell the truth, the whole truth, and nothing but the truth, so help you God, in your testimony before this committee?

Captain KIBLER. I do.

TESTIMONY OF CAPT. GEORGE N. KIBLER, QUARTERMASTER CORPS, LOUISIANA ORDNANCE PLANT, MINDEN, LA.

The CHAIRMAN. Captain, will you give the reporter your name and titles and your connections?

Captain KIBLER. Capt. George N. Kibler, Quartermaster Corps. I was assigned as executive officer of the Wolf Creek ordnance plant from approximately the last week in June until 4 weeks ago, when I was transferred to the Louisiana ordnance plant.

Senator BREWSTER. When was it you were transferred?

Captain KIBLER. I reported for duty at the Louisiana ordnance plant approximately 4 weeks ago today. That is down at Minden, La.

Senator BREWSTER. Had your previous experience been in the Army or in private life?

Captain KIBLER. I was civilian up to May 1, when I was called to the Army.

Senator BREWSTER. Nineteen forty-one?

Captain KIBLER. That is right, sir.

Senator BREWSTER. And what was your previous experience?

Captain KIBLER. Civil engineering; specifically, in fire-protection line and automatic sprinklers and things of similar caliber.

ROAD CONSTRUCTION—CHERT CONTRACTS

The CHAIRMAN. Captain, you are familiar with road construction and the material purchased out there for the road, are you?

Captain KIBLER. Well, certain phases; not all of it, sir.

The CHAIRMAN. Beg pardon?

Captain KIBLER. Certain phases of it; not all of it.

The CHAIRMAN. I am particularly interested in the purchase of chert and how that purchase was handled.

Captain KIBLER. Well, I am not thoroughly familiar with the situation from the beginning, except from the records that existed at the time I became interested. On about July 5 one of the suppliers of chert, Cartwright Construction, came to me and asked me the reason why their purchase order had been canceled, and asked me to investigate. I started an investigation and discovered that they had received a contract on or about the 1st of April for the delivery of chert at \$1.63 a yard. Subsequent to that time they had made deliveries, and on or about July 3, on the recommendation of the contractor, the acting C. Q. M. at that time issued a cancelation, and the Cartwright Construction Co. came in to see me as a result of that.

Having just been appointed executive officer at that time, I requested our purchasing officer, Lieutenant Bruce, to furnish me the facts in the case, and in the middle of the following week held discussion with the contractors, Mrs. Cartwright of the Cartwright Construction Co., determined the facts in the case, and, after discovering all the information that I could, I recommended to the constructing quartermaster, Major Hofto, who had just reported for duty as constructing quartermaster, that the purchase order be reinstated, and it was so done.

Senator BREWSTER. What was the difficulty? Why was the contract canceled in the first place?

Captain KIBLER. Going back to the beginning, as I discovered the facts from the record, the Cartwright Construction Co. bid on this job and was low approximately 37 cents a cubic yard, and started to make deliveries. Their plant was in such shape, which they so stated in their bid, that they would not be able to reach production for approximately 10 days. After 3 days' delivery the contractor requested of the C. Q. M., who was Major Brewer at that time, that the purchase order be canceled.

The CHAIRMAN. How many thousand yards were involved in this transaction?

Captain KIBLER. The original purchase order, I believe, was set up for approximately 150,000 cubic yards.

The CHAIRMAN. One hundred fifty thousand cubic yards?

Captain KIBLER. Yes, sir; if my arithmetic is right, that is somewhere in the neighborhood of a quarter of a million dollars. At the same time this recommendation was made, the second bidder, Memphis Stone & Gravel Co., was recommended to receive a purchase order covering a similar amount of material at \$2 a yard.

The CHAIRMAN. That is a difference of 37 cents.

Captain KIBLER. Thirty-seven cents; yes, sir.

The CHAIRMAN. A cubic yard. That would be about \$50,000 on this 150,000-yard purchase.

Captain KIBLER. That is approximately correct.

Senator BREWSTER. You say that was recommended at the same time the other contract was recommended?

Captain KIBLER. No. It was recommended that they receive a purchase order at the same time that the contractor recommended that the original purchase order to the Cartwright Construction Co. be canceled.

The CHAIRMAN. At a higher rate.

Captain KIBLER. How is that?

The CHAIRMAN. At a higher rate.

Captain KIBLER. Yes, sir. Instead of its being canceled, they were given a 30-day grace period in which to get their equipment in such order that they could meet the minimum required deliveries; namely, 2,000 yards in a 16-hour day. On about the first week in May, they began deliveries again, and made deliveries. The exact number of hours delivered I don't know, because the delivery was supposed to be over a 16-hour day. The contractor contended in his request to the acting constructing quartermaster that the material was not meeting specification and that the concern could not deliver the required number of yardage.

One angle that was investigated was whether or not the Cartwright Construction at the time I entered the picture was capable of delivering that amount of material. One of the other Army officers and myself made a visit to the quarry and their plant and after observation, felt that under average conditions they could meet the 2,000 yards in a 16-hour day, and that was incorporated within our recommendation to the constructing quartermaster.

The CHAIRMAN. Did they cancel the contract?

Captain KIBLER. We reinstated the contract.

The CHAIRMAN. You reinstated the contract?

Captain KIBLER. Yes, sir.

Senator BREWSTER. What did you find as to the question of quality?

Captain KIBLER. The quality, according to the records of the testing laboratory up until approximately the middle of May, showed that they were varying and not meeting the specifications exactly. On approximately the middle of May the chief inspector for the architect-engineer recommended to the Cartwright Construction Co. that they employ an inspector who, by the way, was employed from the same concern who was testing the material at the plant—the same testing laboratory. From then on we have a conflict of information. The inspector at the plant informed the Cartwright Construction Co. that the material in every respect was meeting specifications at the plant. In certain instances the report came from the same laboratory that they were not meeting specification. But from the middle of May up until the time the cancellation was made there was reasonable meeting of specifications. In fact, both vendors were having about the same number of tests which were not in accord with specifications.

Senator BREWSTER. When you say "both vendors," what do you mean?

Captain KIBLER. The Memphis Stone & Gravel were also delivering at the same time.

Senator BREWSTER. And there was about the same degree of meeting specifications?

Captain KIBLER. Yes, sir; on the volume being delivered.

Senator BREWSTER. What was their price?

Captain KIBLER. Their price was \$2 a cubic yard.

Senator BREWSTER. Is that the one you spoke of? That is another concern, isn't it?

Captain KIBLER. There are two concerns, Senator: First, the Cartwright Construction Co., at \$1.63 a yard, which was the low bidder; and the other concern the Memphis Stone & Gravel, which is delivering at \$2 a cubic yard.

Senator BREWSTER. Those were both operating at the same time?

Captain KIBLER. Yes, sir; they were both——

Senator BREWSTER. And when the recommendation for cancelation was made they also recommended that they expand the order to the Memphis?

Captain KIBLER. No; it wasn't necessary because both purchase orders were written for the total expected yardage needed.

Senator BREWSTER. So all you needed to do was to notify them that you wanted 200,000 more, or whatever the yardage was.

Captain KIBLER. Yes. The purchase order was set up on a more-or-less basis.

Now, my observations led me to believe that there had been a certain amount of interference with the deliveries of the Cartwright Construction Co. We obtained affidavits from certain drivers for the company that they had been informed by members of the contractor's field forces that they were not hauling for the proper parties, and if they hauled for the Cartwright Construction Co. their loads would be rejected. They were also met on the roads by certain individuals who were interested in the Memphis concern and told that they should come over and haul for the right party, the party who had the inside job. There are affidavits on record to that effect from these drivers.

The CHAIRMAN. And that inside was 37 cents a yard more than the people on the outside were getting. Is that true?

Captain KIBLER. That is the way it appeared to me; yes, sir.

Mr. FULTON. Some of those drivers had their trucks purchased under terms of conditional sales, so that they still owed money on them?

Captain KIBLER. Yes, sir. That is what we were informed, that certain truck drivers had purchased equipment from an automotive dealer in a neighboring town up there.

Mr. FULTON. Huntingdon?

Captain KIBLER. Yes, sir.

Mr. FULTON. What is the name of the dealer?

Captain KIBLER. The Priest——

Mr. FULTON. Marshall Priest?

Captain KIBLER. Marshall Priest; yes. I was informed—I have never been able to verify this—it is hearsay—that he, as a portion of the contract, insisted that they haul from the Memphis Stone & Gravel, which, I was also informed, he had an interest in.

Mr. FULTON. Did you ever have any discussion with Mr. John Lord who, I understand, was engaged or about to be engaged to marry into this Priest family?

Captain KIBLER. Yes.

Mr. FULTON. What was that conversation?

Captain KIBLER. This conversation took place later, after approximately a month had elapsed, when we had readvertised for bids for

surfacing material, gravel, slag, and chert, to be used in the Milan ordnance depot, which is a different procurement authority, and I was informed that under the bids which had been turned in by the Memphis Stone, namely \$1.75 to meet specifications, \$1.55 to be what they termed pit run, the materials delivered would be identical in both cases, and that—

Mr. FULTON (interposing). That was Mr. Lord who told you that, was it?

Captain KIBLER. Yes, sir; he told me that.

Mr. FULTON. Did he say anything more than that?

Captain KIBLER. He told me that he had been informed by a party whom he considered reliable that the difference in cost represented a portion of a kick-back which had been made.

The CHAIRMAN. To whom was this kick-back made?

Captain KIBLER. I have never been able to discover that, sir.

Mr. FULTON. Was Mr. Lord a Government employee?

Captain KIBLER. No, sir. As far as I know he is still on the contractor's staff project.

Mr. FULTON. He was employed by the contractor in this project?

Captain KIBLER. Yes, sir.

The CHAIRMAN. But he was paid by the Government?

Captain KIBLER. Yes, sir. All of the contractor's employees, except a very few, are.

Mr. FULTON. Did you put any inspectors of your own on the project to determine whether the chert was proper?

Captain KIBLER. There was a period of time after we reinstated the Cartwright Construction Co. when we put a stop order on deliveries by the Memphis Stone, and we had a little difficulty for approximately a week or 10 days. Then we began to get a large number of rejects, sometimes more than 50 loads per day, which in yardage represents something better than 300 cubic yards. And by visual examination and so on, we discovered very little difference between the material accepted and rejected. In order to find out whether the material actually was not meeting specifications, I visited the plant early one morning and took the specimens which the testing laboratory employed by the contractor had taken from the trucks which had been rejected. I took them to another testing laboratory in Nashville, who informed me that the material was meeting specification, well within specification. After that, we were enabled to expand our own materials inspecting department, or receiving department, and were enabled to put men out there who knew materials and were enabled by that means to cut down a large number of the rejections.

Mr. FULTON. You mean the contractor had his inspectors, and then you put up a duplicate series of inspectors on behalf of the quartermaster?

Captain KIBLER. We have a number of inspectors there who simply spot check to see whether everything is being conducted in accord with proper procedure and to protect the Government and the constructing quartermaster, to see that the contractor is following out his instructions.

Senator BREWSTER. Who was employing the inspection laboratory that made the first test?

Captain KIBLER. I didn't understand your question.

Senator BREWSTER. Who was employing the laboratory that made the first inspection?

Captain KIBLER. The architect-engineer was employing a firm by the name of Mississippi Testing Laboratory.

Senator BREWSTER. They were paid by the Government?

Captain KIBLER. Well, everybody is being paid by the Government, sir.

Senator BREWSTER. They were Government employees, then, checking whether or not the materialmen were furnishing material in accordance with their contract?

Captain KIBLER. The Mississippi Testing Laboratory contract is with the architect-engineer.

Mr. FULTON. H. K. Ferguson?

Captain KIBLER. H. K. Ferguson; yes, sir.

The CHAIRMAN. That is another subcontractor?

Captain KIBLER. Yes, sir.

Senator BREWSTER. I am speaking now of the gravel and chert which was furnished. It was under a subcontractor, was it not?

Captain KIBLER. You mean the materials being delivered?

Senator BREWSTER. Yes.

Captain KIBLER. That was under a purchase order and not a contract.

Senator BREWSTER. Under a purchase order, then. They were testing as to whether or not that came up to the specifications of the purchase order?

Captain KIBLER. That is right.

Senator BREWSTER. And from your investigation, you were led to have some doubt whether or not they were conducting an honest test. Isn't that the size of your testimony?

Captain KIBLER. That is right. And it is a question, with two ethical testing laboratories, as to which is correct. I am led to believe, from my investigation of the concern I took it to, the Barrow-Agee people, that they are ethical and would give me a true answer.

Senator BREWSTER. All right. Did this laboratory continue to handle the tests, or were they discontinued?

Captain KIBLER. The Mississippi Testing Laboratory, as far as I know, or at least when I left the job, were still employed by the architect-engineer.

Senator BREWSTER. Had you made a report to your superiors of what you found?

Captain KIBLER. Yes, sir.

Senator BREWSTER. And who were your superiors in that case?

Captain KIBLER. The constructing quartermaster, Captain Hofto at the time, now Major Hofto.

Senator BREWSTER. Did you also inform the contractors?

Captain KIBLER. Whenever we found any irregularities, we notified the contractor to that effect.

Mr. FULTON. Am I correct in understanding that you had a situation that, before each of those were rejected, the Mississippi Testing people had actually taken a sample and tested it?

Captain KIBLER. No, sir——

Mr. FULTON. Or were they rejected on the site?

Captain KIBLER. They have a visual inspection. It takes approximately 2 hours to make a test of the material. Of course, that would be too long to hold up any truck. They have to keep moving in order to make deliveries. So the rejections were made on a basis of visual inspection.

Mr. FULTON. So that is not even a laboratory analysis. Now, after it was rejected, was there in every instance a test made in the laboratory?

Captain KIBLER. I would say from the number of rejections that it would be impossible in certain instances to do that, but—

Mr. FULTON (interposing). So we have here a situation where many of the rejections were simply visual examinations resulting in a rejection.

Captain KIBLER. That is right.

Mr. FULTON. And then as to others, there were analyses made by laboratories.

Captain KIBLER. A certain number of those visually inspected were inspected in the laboratory.

Mr. FULTON. And as to those, you took some of those samples and submitted them to an independent laboratory, which found that the chert was up to specification?

Captain KIBLER. That is right.

Mr. FULTON. When you put on your extra staff—that is, the constructing quartermaster's inspectors, you found that the number of rejections decreased, did you?

Captain KIBLER. Yes; they did. We found that on the average the rejections would run approximately something less than 1 percent.

Mr. FULTON. Of the number run?

Captain KIBLER. Of the total number of loads delivered.

Mr. FULTON. Were your particular inspectors there at all hours when the chert was delivered?

Captain KIBLER. No. At the beginning we didn't have them there at all hours. We would make a spot check. They would attempt to be there at intervals to see it while the inspections were being conducted. I was informed by our inspectors that in one instance he left the job in the middle of the afternoon; up to that time there had been no rejections all day and, after he left, out of approximately 60 loads delivered, better than two-thirds were rejected when he was not there to observe the inspection.

The CHAIRMAN. How far did this chert have to be hauled?

Captain KIBLER. They were hauling it approximately a 90-mile round trip.

The CHAIRMAN. Is it ever customary, when a haul of any length is made, to station inspectors in the quarry?

Captain KIBLER. We attempted that, but it didn't prove satisfactory.

The CHAIRMAN. For what reason?

Captain KIBLER. Well, it meant that we had to keep an inspector up there 24 hours a day, because operations in the quarry normally were carried on a 24-hour basis. Trucks were loaded throughout the 24-hour day, but we were receiving chert normally in either a 16-hour period or a 12-hour period or, in some instances, even less. So that it

meant that we had to duplicate inspectors if we were at the quarry rather than at the plant.

The CHAIRMAN. What became of this rejected chert?

Captain KIBLER. It was taken away and dumped in spoil piles at various locations on the outside of the plant?

The CHAIRMAN. Are they using some of that rejected chert now?

Captain KIBLER. I can't say, Senator, because I haven't been there for 4 weeks

Mr. FULTON. Did you have any of that rejected chert from these spoil piles tested?

Captain KIBLER. Yes; I took several samples from those piles, and I found that they did meet specification.

Mr. FULTON. Where did you send those?

Captain KIBLER. To the same concern in Nashville.

Mr. FULTON. Did you have any of these carried to the State highway department?

Captain KIBLER. I didn't take them to the State highway department, but I did check with the highway department their procedure in making tests and was informed, as I understood, the specifications were originally set up on the State of Tennessee's specifications for the materials.

Mr. FULTON. And how did they check? In what way did they check differently?

Captain KIBLER. According to the procedure that the Agee people were conducting, the tests were in accord with what the State of Tennessee was doing.

Mr. FULTON. You said that you couldn't have inspectors at the quarry for the reason that it would amount to duplication. Was there any reason for inspecting it twice, once at the quarry and once on the road?

Captain KIBLER. I didn't mean that, sir. I meant that we would have to have double the force. In other words, if we were at the quarry, we would have to have a force on duty there 24 hours, and if we had them at the plant, we could take them on whatever interval the chert was being received, normally at 12- or 16-hour periods.

Mr. FULTON. Did you find any instances in which the chert had passed the inspection at the quarry but had been rejected at the site at the plant?

Captain KIBLER. Only in the case where the same laboratory had inspectors at both the quarry and at the plant. There were some rejections at the plant which had passed at the quarry. That was discussed at some length with Mississippi Testing Laboratory at the time when the Cartwright Construction Co. was reinstated, and Mississippi Testing Laboratory refused to put an inspector back in the quarry when Cartwright started delivering the second time, rather, after their—

The CHAIRMAN (interposing). I want a little more complete identity of these people we are talking about. Who owns the Memphis Sand & Gravel Co.?

Captain KIBLER. The principal owner, as far as we have been able to determine, is the Smith estate, of Memphis.

The CHAIRMAN. The Smith estate?

Captain KIBLER. Yes, sir.

The CHAIRMAN. And who did you say owned the Mississippi Testing Laboratory?

Captain KIBLER. I don't remember the gentleman's name. It is operated as a single proprietorship, and he calls himself the Mississippi Testing Laboratory.

The CHAIRMAN. Who was the Cartwright Construction Co.?

Captain KIBLER. It is a partnership of a man and his wife, by the name of Cartwright, from Camden, where the quarry that both concerns get their material from is located.

The CHAIRMAN. Both are in the same place?

Captain KIBLER. They are within approximately a mile and a half or two miles of one another.

The CHAIRMAN. So that the distance they have to haul, then, is approximately the same?

Captain KIBLER. Within a mile or so. In fact, in one case the quarries are right across the road from one another.

Mr. FULTON. How many yards, all told, would be needed to do the entire job?

Captain KIBLER. I don't have any information on that, but I do have the information on the yardage delivered up until the last week in September. Deliveries by the Cartwright Construction Co. up until September 25 were 99,912 cubic yards. Memphis Stone & Gravel Co., up to that same time, had delivered 231,640 yards.

The CHAIRMAN. How many cubic yards does it require to build a mile of road 22 feet wide?

Captain KIBLER. I would have to do some figuring, sir. That depends on the depth of the chert you want, and it varies according to the particular base conditions at the time.

The CHAIRMAN. Take an average of 8 inches. An officer testified this morning it ran from 6 to 10 inches. Let's say 8 inches thick.

Captain KIBLER. I couldn't do that. I am not enough of a mathematical genius to do that, sir. But we figured out, if my memory is correct, that it took somewhere around sixteen or seventeen hundred yards of chert per lineal mile under the conditions they were applying it at that time.

The CHAIRMAN. About sixteen or seventeen hundred. That would be 1,600 to 1,700 cubic yards per mile.

Captain KIBLER. At the particular method they were applying it at that time—an admixture to a sand-clay——

The CHAIRMAN. That would make it about a foot thick. Seventeen hundred cubic yards would make it about a foot thick.

Mr. FULTON. Well, 231,000 cubic yards were taken from the Memphis Stone & Gravel at approximately 37 cents, is it, a cubic yard more than the price that had been bid by the Cartwright Co.?

Captain KIBLER. All but about 40,000 yards of that was in the neighborhood of \$2 a yard. The last 40,000 yards were on the basis of the bids which came in for the Milan ordnance depot, when they bid \$1.75 a cubic yard.

Mr. FULTON. And have you figured out how much that total quantity would have been if it had been ordered from the Cartwright Co.?

Captain KIBLER. Approximately 320,000 cubic yards at \$1.63.

Mr. FULTON. I was trying to get the savings that would have been made if Cartwright could perform and had been permitted to perform.

Captain KIBLER. Roughly, I would say it is somewhere between eighty and ninety thousand dollars.

Mr. FULTON. In the neighborhood of eighty or ninety thousand dollars.

Captain KIBLER. On a normal delivery week of 5 or 6 days, it would run somewhere around 4,500 yards if they made the minimum delivery of 2,000 yards.

Mr. FULTON. Do you know what the State ordinarily pays for such chert? In other words, is the Cartwright bid high or low as compared with the average cost of, say, the State of Tennessee for similar material on highways?

Captain KIBLER. I believe that price is low. Of course, you understand that delivery is the big cost.

The CHAIRMAN. The haul has a great deal to do with the cost?

Captain KIBLER. Yes. Originally, these people were paying the truck drivers \$1.05 a cubic yard for delivering the materials. That would leave a net price at the quarry of about 58 cents, but the delivery price has now been increased approximately 10 cents, I believe.

Mr. FULTON. In addition to that chert situation, the committee was interested in the question of roads, particularly the roads on the southern boundary of the Wolf Creek ordnance plant and a similar road on the northern boundary of Milan ordnance depot. Could you tell us what those roads are and their general location with respect to each other?

Captain KIBLER. My observation is that they parallel one another there for quite a distance. As to why they were built, the only thing I can give is the supposition that they are to be operated, one by the Army and the other by the operating concern, the Procter & Gamble Defense Corporation.

Mr. FULTON. For the Army?

Captain KIBLER. That is right.

Mr. FULTON. Those roads are about 4½ miles long, are they not?

Captain KIBLER. I would judge that is approximately the distance.

Mr. FULTON. How far apart are they?

Captain KIBLER. In cases not over 75 to 100 feet.

Mr. FULTON. And they are on the extreme boundaries of the particular plants, the one the boundary of the Wolf Creek and the other the boundary of the Milan ordnance. Is that right?

Captain KIBLER. That is right.

Mr. FULTON. And as far as you know, there is no use for two roads other than the fact that one relates to one project and the other relates to the other project?

Captain KIBLER. That is the only inference that I could give. I never looked into the matter, because at the time I discovered them, the roads were there, had been largely built.

Mr. FULTON. Are they separated by a fence?

Captain KIBLER. They may be now. I haven't been over them for about a month.

Mr. FULTON. Would it be impossible to use one road for Wolf Creek and the Milan ordnance?

Captain KIBLER. I would rather you ask that of somebody who is going to operate the plant.

Mr. FULTON. Do you know who ordered them built?

Captain KIBLER. No, sir; I don't. Both plans were approved.

Mr. FULTON. At \$29,000 a mile, that is a sum of around \$140,000 for each of those roads.

Captain KIBLER. That is the way it adds up; yes, sir.

The CHAIRMAN. What is the necessity for so much road mileage out there, anyway? I drove around over that place Sunday, and it looked to me as if most of the roads went nowhere from nowhere, and I want to know the reason for so much road mileage.

Captain KIBLER. I can't give you any answer on that, Senator, because the road lay-out was made at the time I reported. I reported there approximately June 1st. The road lay-out—the plans—at that time had been approved, and a large percentage of the roads had been graded.

CONSTRUCTION OF STAFF HOUSES

Mr. FULTON. Are you familiar with staff housing?

Captain KIBLER. In a general way; yes.

Mr. FULTON. What were these houses for staff housing? Can you tell us generally what kind of houses they were, how many there were, and so on?

Captain KIBLER. If my memory is correct, 32 were built. They were taken from a design which was built at the Ravenna ordnance in Ohio, remodeled and somewhat simplified for use, to fit them to this particular climate, economizing somewhat in their construction.

Mr. FULTON. What are those houses going to cost? Do you know?

Captain KIBLER. The last figure I had when I left the job was in the neighborhood of \$18,000 apiece for the structures themselves.

Mr. FULTON. Did they have a cellar?

Captain KIBLER. Yes, sir; most of them have a basement under them.

Mr. FULTON. What is the construction of the basement?

Captain KIBLER. The basements are cement floors, with brick walls. The house itself is of frame construction.

Mr. FULTON. By frame construction, you mean the regular 2-by-4 construction?

Captain KIBLER. I wouldn't specify 2 by 4's. The dimension of the exterior side walls is largely 2 by 6, as are the rafters and similar things.

Mr. FULTON. Does it have sheathing and siding both?

Captain KIBLER. It has a composition sheathing, not wood sheathing, and wood siding.

Mr. FULTON. Does it have insulation?

Captain KIBLER. The sheathing serves as insulation, and they have used insulation in the attics.

Mr. FULTON. And in the interior, is it plaster and lath or beaver-board or what?

Captain KIBLER. No. With the exception of the bathroom, it is all "compo" board of one type or another.

Mr. FULTON. No plaster in it at all?

Captain KIBLER. No, sir; except in the bathroom.

Mr. FULTON. And how many rooms does it have?

Captain KIBLER. They vary somewhat, but the normal one has three rooms on the first floor and approximately four on the second.

The CHAIRMAN. Do they have a heating plant?

Captain KIBLER. Yes, sir; they use what is called an air-conditioning system—oil-fired hot air furnaces with forced circulation.

Mr. FULTON. And are there any other structures that are included in the cost of that house at \$18,000, such as a garage or something of that kind, or is that extra?

Captain KIBLER. No, sir; that is extra.

Mr. FULTON. What does a garage cost?

Captain KIBLER. I wouldn't know. I never saw any figures on them.

Mr. FULTON. Did you ever inspect those houses or garages during construction to note whether they were being put up efficiently or not?

Captain KIBLER. Yes; I have driven through there. It was not under my supervision, but I did note that it appeared that there were considerably more men working on them than could be used efficiently.

Mr. FULTON. Would you describe the actual situation that led you to that conclusion?

Captain KIBLER. Yes. One flagrant instance of it was when I was over and observed the construction of a single garage, and they had, if my memory is correct, 10 carpenters and four helpers putting up a single garage. I would call that excessive.

Mr. FULTON. And do you know of any reason that the Government should have contracted the erection of houses of this character on a cost-plus project instead of letting a bid for local builders to build similar houses?

Captain KIBLER. We probably would have gotten by cheaper if we could have let them out for bids, if we could have found enough builders to build them in the time that we needed them.

Mr. FULTON. Would you have any great difficulty in an area the size of Memphis in finding people who could build six- or seven-room houses?

Captain KIBLER. I should judge that between Nashville and Memphis and neighboring towns up there, we could have gotten sufficient people who could have put up five or six houses. We have five or six different firms who could put up the number necessary.

Mr. FULTON. You might even have been able to get them plastered for \$18,000 apiece. Most of the \$18,000 houses in this area have plaster in them, do they not?

The CHAIRMAN. I was told that the total cost of those houses, with garage and all that goes with them, is considerably over \$23,000. You can buy a house with two more rooms, pay for the land, and have a house that is constructed for permanent use in the city of Washington, and with a contractor's profit, for a little less than \$14,000, and you have more house than you have out there. It looks to me as if those houses could have been built for \$6,000 apiece, and then the contractor could have made \$2,000 on them.

Mr. FULTON. Generally speaking, with respect to questions of efficiency of labor, did you make inspections of the other portions of the project to see whether there were situations where there might be more laborers on a project or part of a project than could efficiently be used, such as in the case of that garage where 10 men were trying to build it?

Captain KIBLER. A short time before I observed that, I was informed by one of our time inspectors that he found 35 men working on a little well house. There were 2 foremen, 2 carpenter foremen, a

labor foreman, and the balance of the work was divided up amongst carpenters and laborers almost in equal numbers.

Senator BREWSTER. What was the well house?

Captain KIBLER. We have wells at the project from which we get our water supply.

Senator BREWSTER. How large would the well houses be?

Captain KIBLER. They are approximately 10 by 12.

Senator BREWSTER. How high?

Captain KIBLER. I should judge the eave heights are approximately 10 feet, in some instances less; simply a small house to house the electrical motor and pump and the gasoline engine which is used as an auxiliary drive.

Senator BREWSTER. Who would profit from such an arrangement?

Captain KIBLER. The workmen are the only ones who profit from it, as far as I could judge.

Senator BREWSTER. We heard testimony this morning about the fees which were paid, some of them 5 percent. Have you heard of those?

Captain KIBLER. As far as I could judge, the carpenters were not guilty of such practice.

Senator BREWSTER. They were not? They simply paid for their working permits?

Captain KIBLER. That is right. They paid their initiation and their normal dues. But it appeared to me that it was a case of shoving the men on there rather than giving them a day off and letting them go home until they could be used elsewhere.

Senator BREWSTER. Did you report these things to your superior?

Captain KIBLER. That was reported to him, but I took it up immediately with the contractor and tried to get the crew reduced, and it was reduced in a short time, but we can't catch all those instances.

The CHAIRMAN. You have got to have the cooperation of an honest contractor if you are going to run any job on the level. Isn't that true?

Captain KIBLER. It is his responsibility; yes, sir.

The CHAIRMAN. And he is in a fiduciary relationship with the Government when he takes a fixed-fee contract. He is just as much a Government employee as you are, isn't he?

Captain KIBLER. Yes, sir.

Mr. FULTON. Did you make any inspection of projects where plumbers were being hired, where they were working?

Captain KIBLER. I have gone around and observed that they didn't seem to be working at their full capacity.

Mr. FULTON. This morning Mr. Loring testified that he was a plumber. I was wondering whether you made any observation concerning plumbers. Would you give specific cases that you are thinking of?

Captain KIBLER. The plumbing in a large number of lines was under a fixed-fee contract with two Memphis concerns, and they were handicapped at the beginning of the job by the fact that they didn't have sufficient materials and, in some cases, tools, but we were being driven in an attempt to meet certain completion dates, and it may have been that at the time I made the observation, the men were waiting to use certain machine tools in order to cut pipe. But I did observe at one time a large number of them standing around the shop

where they were cutting pipe, waiting, it appeared to me to be waiting, for the use of the equipment which was housed there.

Mr. FULTON. Was that a cost-plus subcontract?

Captain KIBLER. Yes, sir.

Mr. FULTON. So that any of that time that was wasted would not be charged either to the contractor or to the subcontractor, but to the Government.

Captain KIBLER. That is right. It is the Government's pay roll.

The CHAIRMAN. That is all, captain.

Captain KIBLER. Thank you.

The CHAIRMAN. John Lord; is John Lord in the room?

Mr. FULTON. Is Mr. Manier in the room?

Mr. MANIER. Yes, sir.

Mr. FULTON. Is Mr. John Lord an employee of the Ferguson-Oman Co.?

Mr. MANIER. I will have to inquire. I don't know. He is an employee.

Mr. FULTON. Was he here this morning?

Mr. MANIER. Not that I know of, sir.

Mr. FULTON. Can he be here tomorrow morning?

Mr. MANIER. We can have him here if you wish. We have never been told that you wished to hear him. We will have him here tomorrow morning, but we have never been told that you wanted him. I had never heard his name until just now.

Mr. FULTON. None of the Army officers who were on their way has arrived yet, have they, Major Hill? None of the three has arrived yet?

Major HILL.¹ No, sir.

The CHAIRMAN. Is Mr. Glatt here?

Mr. LORING. Mr. Chairman, here this morning I understood that Mr. Glatt was subpoenaed. I tried to find him and called his office, and they tell me that they know nothing of any subpoena here, and he is in Paris, Tenn., but he will be back in the city tonight.

The CHAIRMAN. Does Mr. Glatt want to be subpoenaed? He was requested to appear before this committee. If he wants an official subpoena, he will get it.

Mr. LORING. That I don't know, but he will be in the city tomorrow.

The CHAIRMAN. We were simply extending him a courtesy to come here and state his side of the case. If he doesn't want to come and state his side of the case, we will subpoena him and let him be cross-examined on the subject.

Mr. LORING. I called his home from his office, and they said he would be back in the city this evening, and I suppose he will be here in the morning.

The CHAIRMAN. We will extend him a further invitation to come in the morning.

Mr. FULTON. Did you ascertain, Mr. Loring, whether Mr. Glatt has any records?

Mr. LORING. As soon as I get in touch with him where I can talk to him, I am going to tell him to bring his records.

Mr. FULTON. My question related to whether he has any.

Mr. LORING. Whether he has any or not?

Mr. FULTON. Whether he has kept any records.

¹ Maj. James P. Hill, War Department General Staff.

Mr. LORING. If you are asking me, I don't know what Mr. Glatt has done. Let Mr. Glatt speak for himself.

Mr. FULTON. What I wanted to make sure was that we want his records as well as himself.

Mr. LORING. Yes; just as soon as I can get in touch with him, as I have several long-distance calls out for him now to get him in here.

Senator BREWSTER. This, as I understand it, is the contract you made?

Mr. LORING. That is the building-trades agreement between the unions and the contractors; yes, sir.

Senator BREWSTER. This is a copy which we may have for our files?

Mr. LORING. Yes, sir; you may have that for your files.

The CHAIRMAN. We will make this an exhibit for the record.

(The document referred to was marked "Exhibit No. 155" and is on file with the committee.)

The CHAIRMAN. The committee will recess until 10 o'clock tomorrow morning. We are taking this recess because the Army's witnesses are not present, hoping they will be here tomorrow morning.

(Whereupon, at 3:04 p. m., the committee recessed until 10 a. m., Tuesday, November 18, 1941.)

(Upon recess of the committee, Mr. Douglas I. McKay approached the committee bench and made comments resulting in certain inquiries by the committee which Mr. McKay refused to answer. Whereupon, the committee reconvened at 3:10 p. m., Monday, November 17, 1941.)

The CHAIRMAN. The committee will come to order.

You will be sworn. Do you solemnly swear to tell the truth, the whole truth, and nothing but the truth in the testimony you are about to give before this committee, so help you God?

Mr. MCKAY. I do.

TESTIMONY OF DOUGLAS I. MCKAY SPECIAL ASSISTANT TO THE CHIEF, CONSTRUCTION DIVISION, QUARTERMASTER CORPS, WAR DEPARTMENT

Mr. FULTON. What is your name?

Mr. MCKAY. Douglas I. McKay.

Mr. FULTON. How do you spell it?

Mr. MCKAY. D-o-u-g-l-a-s I. McKay. M-c, capital K-a-y.

Mr. FULTON. By whom are you employed?

Mr. MCKAY. The War Department.

Mr. FULTON. What branch?

Mr. MCKAY. Office of the Quartermaster General.

Mr. FULTON. In what part of his office?

Mr. MCKAY. Construction Division.

Mr. FULTON. Who is your immediate superior?

Mr. MCKAY. General Somervell.

The CHAIRMAN. Did he send you down here?

Mr. MCKAY. Yes.

The CHAIRMAN. Why did he send you down here? We didn't subpoena you.

Mr. MCKAY. That I do not know.

Senator BREWSTER. What did he instruct you when he told you to come?

Mr. McKAY. To attend these hearings.

Senator BREWSTER. For what purpose?

Mr. McKAY. No purpose was disclosed or mentioned.

The CHAIRMAN. Then you are down here at the expense of the Government for no reason at all.

Mr. McKAY. I don't think so, Senator.

The CHAIRMAN. What instructions were you given?

Mr. McKAY. To attend these hearings.

The CHAIRMAN. And that is all?

Mr. McKAY. That's all.

The CHAIRMAN. Is that all you have done?

Mr. McKAY. So far, yes.

Senator BREWSTER. What men have you talked with while you have been here?

Mr. McKAY. I beg your pardon, sir?

Senator BREWSTER. With whom have you talked since you have been here?

Mr. McKAY. Major Hofto, Major Horridge, a Mr. Davies, United States Attorney McClanahan, with you, sir, with Senator Truman—

The CHAIRMAN (interposing). All the talking you have done to me has been over this bench.

Mr. McKAY. Except as I asked you when you came in the room this morning to allow the people outside the rail to come in here.

The CHAIRMAN. That is right.

Senator BREWSTER. Mr. McKay, you came up here voluntarily to raise the question about whether or not the Army had been delinquent in producing these witnesses. I assume that was because of your highly responsible position with General Somervell's office. There have been further questions, which were even more embarrassing, raised that in the conversations which had taken place here with certain of our witnesses, there had not been an encouraging attitude toward their testimony, which very much disturbed this committee. Apparently you have talked with some of these witnesses. What was your purpose in talking to them, since you didn't know why you were sent here? You were sent here to attend the hearings.

Mr. McKAY. I can't answer that question, Senator.

Senator BREWSTER. You just happened to talk with them. It has created an extremely unfortunate impression, extremely unfortunate, and the absence of the witnesses who apparently had 5 days' notice and the reports of conversations with some of the witnesses who were here, who apparently might find their careers affected by the character of their answers, are not the kind of thing that I believe you would consider proper lines of activity.

Mr. McKAY. Well, sir, let's be perfectly clear about it.

The CHAIRMAN. That is what we want to be.

Mr. McKAY. There is no possible attitude on the part of the War Department to deny to this committee the attendance of any witness it wants.

The CHAIRMAN. I think the War Department couldn't do that if it wanted to. Just bear that in mind. When this committee subpoenas a witness, he must come, no matter who he is.

Senator BREWSTER. You heard the evidence here as to reports by one of the officers who has testified about the apparent irresponsibility of one of the inspectors, and apparently nothing was done about it. I think it would warrant investigation.

Major HILL. May I make one statement, sir?

Senator BREWSTER. Yes, Major Hill.

Major HILL. The three witnesses that I was notified about were Mr. Thomas, Mr. Helzel, and Mr. Booth. On Saturday morning Mr. Clark called me in my office in the War Department and advised me that the commanding officer down here—I don't know where he got his information—said that he had no notification for Captain Hofto and certain other witnesses to appear before the committee. I have the names of those in my brief case. They were notified Saturday morning, and the Quartermaster General's office assured me that those witnesses would be here—Captain Hofto, the officer that we ordered from Louisiana, and also some civilians.

Mr. McKAY. That is exactly my point, Mr. Chairman.

Senator BREWSTER. Just a minute. The first three men, who, I understand, are civilian personnel, were notified by wire on November 12.

Major HILL. That was the information I received this morning.

Senator BREWSTER. November 12.

Major HILL. That was the information that I received this morning from the Quartermaster General.

Senator BREWSTER. And you have no reason to question the correctness of that?

Major HILL. No, sir.

Senator BREWSTER. That is the point which we are immediately concerned with. Those were the three witnesses that we were concerned about.

Mr. FULTON. As to the other two, they are here, I understand, Major Hill, and, of course, the committee's reason for not thinking it necessary to make special arrangements for it was that the committee didn't then know that they had been transferred out of this project. We assumed that only those three had. We now find that five or six men were transferred from this project—

Major HILL. I see.

Mr. FULTON. Some of whom have been brought back.

Major HILL. I wanted to make my position clear.

The CHAIRMAN. I think it is. That is all right. And we are very anxious to have Mr. McKay make his position clear. This is the first time that this committee has run into a stumbling block from the War Department, and if the Quartermaster General's Department is not inclined to cooperate with this committee, we want to know it now, and we will take the proper steps to see that they do cooperate.

Mr. McKAY. There cannot be a possible scintilla of truth in that, Mr. Chairman, because the Quartermaster General is anxious to cooperate to the fullest extent with this committee.

The CHAIRMAN. I was only judging their attitude from the fact that our key witnesses are late in arriving on 5 days' notice.

Mr. McKAY. I am terribly sorry that that is the case, if it is the case, and wish the notification had been longer.

Senator BREWSTER. You will have an opportunity tomorrow to clarify this with your superior, if you have any further statement to make, since you are going to be here.

Mr. McKAY. I am quite certain that my superior feels in that matter exactly as I do, that the War Department wants to cooperate to the fullest possible extent with your committee.

Senator BREWSTER. I am referring to the question of fact. You say that if these men had 5 days' notice they should be here.

Mr. McKAY. I did not say that, sir.

Senator BREWSTER. Well, then, what do you say?

Mr. McKAY. I don't know what notice they had, but I suspect that they did not have as much notice as would prompt the chairman to make the statement he made at the conclusion of this morning's session.

Senator BREWSTER. I am asking, on behalf of the chairman, that you clarify the facts. You seem to be here on some mission concerned with this thing. You are being paid, I assume, by the United States Government for some purpose?

Mr. McKAY. Yes, sir.

Senator BREWSTER. The only purpose of this hearing is to find out whether or not the Government has gotten a square deal in this whole job, and as a gentleman on salary we will appreciate your cooperation. Now, we want to know why these men are not here, whether there is any sufficient excuse; and if you can clarify that for us we will be very happy.

Mr. McKAY. I will try and find out, sir, when they were notified to appear.

The CHAIRMAN. The chairman's statement still stands that if these witnesses are transferred to China by the War Department, we will bring them back and hear them.

The committee will now stand adjourned until 10 o'clock tomorrow morning.

(Whereupon, at 3:20 p. m., the committee recessed until 10 a. m., Tuesday, November 18, 1941.)

INVESTIGATION OF NATIONAL DEFENSE PROGRAM

TUESDAY, NOVEMBER 18, 1941

UNITED STATES SENATE,
SPECIAL COMMITTEE TO INVESTIGATE
THE NATIONAL DEFENSE PROGRAM,
United States Court House, Memphis, Tenn.

The committee met at 9:03 a. m., pursuant to adjournment on Monday, November 17, 1941, in the United States Courthouse, Memphis, Tenn., Senator Harry S. Truman presiding.

Present: Senators Harry S. Truman (chairman) and Ralph O. Brewster.

Present also: Hugh A. Fulton, chief counsel.

The CHAIRMAN. The committee will come to order.

Mr. McKay. Is Mr. McKay here?

Senator BREWSTER. Did you notify him?

Mr. FULTON. Yes; I notified him through Major Hill, but he doesn't seem to be here.

The CHAIRMAN. The gentleman seems to be late.

Is Mr. Loring here? Is Mr. Glatt here? It looks as if the committee is going to have to wait for somebody to arrive. I am not a Federal judge, or we could fine them for contempt.

Is Mrs. Cartwright here? We will let Mrs. Cartwright testify.

Do you solemnly swear to tell the truth, the whole truth, and nothing but the truth before this committee, so help you God?

Mrs. CARTWRIGHT. I do.

The CHAIRMAN. Take the chair right behind you, Mrs. Cartwright.

TESTIMONY OF MRS. J. M. CARTWRIGHT, CARTWRIGHT CONSTRUCTION CO., CAMDEN, TENN.

CHERT CONTRACTS

The CHAIRMAN. I will appreciate it very much if you will outline for the committee the problems which you had to go through in your contract with the Ferguson-Oman Co. out here at Milan.

Mrs. CARTWRIGHT. Well, on March 26 we were awarded the contract. We started delivering on March 31. And on April 9 we had some equipment bought, and they gave us a month to put it in. So we started back on May 9. We started having trouble with the trucks. They had reports out that we didn't have a contract and the trucks wouldn't haul for us.

Then on July 5 I received a letter canceling the contract, and I went over and talked to them—talked to Captain Kibler. And on July 7 we had a meeting over there, and on July 14 we started back to hauling. They reinstated the contract.

We got along all right until July 30, and they started rejecting the material. So we carried three samples to Nashville and had tests made on them, and they passed. Captain Kibler carried five, and his passed, except one minor irregularity. They kept on rejecting the gravel up until September 22, and since then we have gotten along all right.

The CHAIRMAN. What did they do with the rejected loads of chert that you hauled up there? What did you do?

Mrs. CARTWRIGHT. I made a stock pile over at Milan.

The CHAIRMAN. Are they now using that stock pile?

Mrs. CARTWRIGHT. No, sir; it is still there.

The CHAIRMAN. Still there. Have you had any information that the specifications were being let down so that you could use that stock pile?

Mrs. CARTWRIGHT. Yes; I think so.

The CHAIRMAN. You have had none?

Mrs. CARTWRIGHT. There has been a change of specifications since then.

The CHAIRMAN. They have changed it?

Mrs. CARTWRIGHT. Yes, sir.

The CHAIRMAN. And you expect to sell that stock pile to these people down there?

Mrs. CARTWRIGHT. Yes.

The CHAIRMAN. Under the changed specification?

Mrs. CARTWRIGHT. Yes, sir.

The CHAIRMAN. Tell us about the Cartwright Construction Co.; just what sort of organization it is?

Mrs. CARTWRIGHT. What did you say?

The CHAIRMAN. Tell us what the Cartwright Construction Co. is. Who owns it?

Mrs. CARTWRIGHT. J. M. Cartwright.

The CHAIRMAN. Well, are you J. M. Cartwright?

Mrs. CARTWRIGHT. No, sir; that is my husband.

The CHAIRMAN. Well, is your husband actively engaged in the business?

Mrs. CARTWRIGHT. No. He has been ill for the past year.

The CHAIRMAN. You have been running the business?

Mrs. CARTWRIGHT. Yes, sir.

The CHAIRMAN. Did you have any difficulty obtaining trucks and drivers?

Mrs. CARTWRIGHT. Yes, sir.

The CHAIRMAN. What was the cause of that difficulty?

Mrs. CARTWRIGHT. Well, the report got out in Camden that another concern had the job and we didn't have a contract, and they wouldn't haul for us under those conditions. If they hauled for us, they couldn't haul for the other concern.

The CHAIRMAN. Did you have a contract?

Mrs. CARTWRIGHT. Yes, sir.

The CHAIRMAN. You got that contract as the lowest bidder. Is that right?

Mrs. CARTWRIGHT. Yes, sir.

The CHAIRMAN. That is, you were low bidder. There were only two bidders; is that true?

Mrs. CARTWRIGHT. Yes, sir.

Senator BREWSTER. Did some of your truckers tell you this report?

Mrs. CARTWRIGHT. Yes, sir.

Senator BREWSTER. That they had been told by someone that their work would be prejudiced if they worked for you?

Mrs. CARTWRIGHT. That is right.

Senator BREWSTER. Was that traced to the other contractor or to Government sources?

Mrs. CARTWRIGHT. Well, some of the truckers said that some of the checkers in the area told them that we didn't have a contract and didn't want any more of our gravel, and they had better get on the other side and haul for the other company if they wanted to haul gravel.

Senator BREWSTER. Were the checkers Government employees?

Mrs. CARTWRIGHT. I don't know who they were.

Mr. FULTON. Did you, at the time of the inspection or rejections, which led you to have samples submitted to an independent laboratory, have any discussions with anyone as to why unreasonable rejections were being made?

Mrs. CARTWRIGHT. We went down and asked them to give us an inspector here so as to save us the hauling, and they did, but it wasn't any better. They just turned the whole pit down.

Mr. FULTON. With whom did you talk?

Mrs. CARTWRIGHT. I think my husband talked to the inspector about it, and he referred to an inspector there at the testing laboratory.

The CHAIRMAN. Did you pay the inspector?

Mrs. CARTWRIGHT. I had one inspector that I paid from May 15 to June 30, the Mississippi Testing Laboratory.

The CHAIRMAN. You still had rejections then if you had the inspector?

Mrs. CARTWRIGHT. I didn't have any rejections while he was there. The rejections started July 30.

(At this point, at 9:11 a. m., Mr. Douglas I. McKay entered the room, approached the reporter, and requested that his appearance be noted in the record.)

Mr. FULTON. Did you have any talk with a Mr. French, of the Ferguson-Oman Co.?

Mrs. CARTWRIGHT. Yes, sir.

Mr. FULTON. What was that?

Mrs. CARTWRIGHT. We asked him to send a man up there and asked him to come up there and find us a place in the pit from which to haul. He came up there, but he didn't do it. So I went to Milan and talked to Captain Kibler, and he came up there and took some samples out of the pit. We started hauling the next morning, and he was out there about 5:30. They rejected some gravel, and he took some samples then and carried them to Nashville—carried five samples to Nashville—and they passed.

Mr. FULTON. Did Mr. French ever recommend the employment by you of anyone?

Mrs. CARTWRIGHT. He recommended Mr. Hamilton Bush, with the Mississippi Testing Laboratory, to me about May 15, and asked me to get him and I wouldn't have any trouble, and I did.

Mr. FULTON. Will you tell us exactly what he said as nearly as you can recall?

Mrs. CARTWRIGHT. He just called me and said if I would get an inspector from the Mississippi Testing Laboratory to stay in the pit, that I wouldn't have any trouble with the gravel. So I called them and asked them to send one, and they did, and I kept him from May 15 to June 30.

Mr. FULTON. And did you have trouble during that period?

Mrs. CARTWRIGHT. No, sir.

Mr. FULTON. Why didn't you keep him beyond that?

Mrs. CARTWRIGHT. My contract was canceled on July 5, and it was reinstated on July 14, and I asked him to send an inspector back, and they wouldn't do it. I asked the Mississippi Testing Laboratory to send another inspector up there, but they wouldn't do it.

Mr. FULTON. How much was Mr. Bush to be paid for this work?

Mrs. CARTWRIGHT. I paid the Mississippi Testing Laboratory \$300 a month. I don't know what they paid him.

The CHAIRMAN. That is all, Mrs. Cartwright. Thank you very much.

I see the late Mr. McKay has arrived. If he will take the witness stand, we will proceed.

Mr. MCKAY. I have been sworn, Mr. Chairman.

TESTIMONY OF DOUGLAS I. MCKAY, SPECIAL ASSISTANT TO THE CHIEF, CONSTRUCTION DIVISION, QUARTERMASTER CORPS, WAR DEPARTMENT—Resumed

ATTITUDE AND FUNCTIONS OF SPECIAL ASSISTANT TO CHIEF OF CONSTRUCTION DIVISION, QUARTERMASTER CORPS

The CHAIRMAN. We understood you would be here at 9 o'clock.

Mr. MCKAY. Yes, sir. I was here at 9 o'clock yesterday morning, and the committee convened at 10:20. I apologize to the committee for being 10 minutes late this morning.

The CHAIRMAN. Very well.

Mr. FULTON. Mr. McKay, what was the purpose of this remark about yesterday morning? Are you just trying to be a smart aleck here?

Mr. MCKAY. I couldn't answer that, Mr. Fulton.

Mr. FULTON. I don't know why you can't answer that. What was the purpose of making that remark about your being here an hour ahead of the time the committee set yesterday morning?

Mr. MCKAY. To put it in the record.

Mr. FULTON. What was your purpose beyond that?

Mr. MCKAY. None other.

Mr. FULTON. Now, Mr. McKay, I think it might be wise for you perhaps to wipe that smile off your face and treat the committee with the deference it deserves.

The CHAIRMAN. Senator Brewster—

Mr. MCKAY (interposing). If you desire to have that remark stand, Mr. Fulton, let it stand.

The CHAIRMAN. It will stand.

Senator Brewster will proceed.

Senator BREWSTER. Mr. McKay, you approached me yesterday following the conclusion of the hearings and requested me to say to the chairman, Senator Truman, that you didn't feel that he could be serious about the suggestion that any representatives of the Army had not cooperated fully in procuring witnesses, and I suggested to you that you state that to him directly, as he was present then. You approached me in the presence of all the newspaper reporters, which was entirely proper with me, but it did indicate that you wanted to get yourself recorded in the situation.

Following that came the conversation with Senator Truman and Mr. Fulton and myself, off the record as far as this hearing is concerned, in which you expressed yourself regarding the committee, and when you were asked your name and to identify yourself, you declined either to Senator Truman or Mr. Fulton, refusing to identify yourself or to answer further questions and starting to walk out of the room.

As you stated, I had earlier met you, so that I did know your identity, but the other members of the committee and the counsel did not. Whereupon, Senator Truman reconvened the committee, swore you in, as still subject to jurisdiction, had you identify yourself and your position as one of the special assistants in the office of General Somervell and give the testimony which appears in the record.

Is that substantially correct as to the circumstances under which you volunteered yourself in this committee hearing?

Mr. McKAY. With one exception, Senator. I did not wish to appear of record. I did not——

Senator BREWSTER (interposing). I thought I made that very clear——

Mr. McKAY (continuing). Wish to impose myself on the committee as a prospective witness. I merely resented and continue to resent any implication, unsworn, thrown from the bench, that implies that the Army is not trying to cooperate to the fullest extent with your investigation.

The CHAIRMAN. Don't you think it would have been the proper thing, Mr. McKay, to identify yourself to this committee when you arrived and state any objections that you had to make to the committee itself and not try to hold a public hearing with the newspapers after the committee adjourned?

Mr. McKAY. Will you please repeat that, Senator? I didn't hear it.

The CHAIRMAN. Don't you think it would have been much more courteous on your part to identify yourself to the committee when you first arrived, as a representative of General Somervell and as a representative of the Quartermaster General and to have made any remarks that you had to make to the committee itself and not try to put on a publicity stunt after the committee had adjourned? Wouldn't that have been far more courteous to the committee on your part as a representative of the War Department?

Mr. McKAY. Well, Senator, I think I am a thoroughly courteous person.

The CHAIRMAN. You didn't display it yesterday at all.

Mr. McKAY. Why, I approached you, sir, immediately upon your arrival at this courtroom and asked you to do a courteous thing on behalf of all the people here.

The CHAIRMAN. You did not identify yourself. I didn't know who you were or from where you came or what your business was here. I thought you were a resident of Memphis and probably an employee of the contractor.

Mr. McKAY. Well, I think I would like to be a resident of Memphis. It is a very nice place to be.

The CHAIRMAN. We won't question that.

Senator BREWSTER. That isn't exactly responsive, Mr. McKay.

The CHAIRMAN. You haven't answered my question at all. You go ahead, Senator.

Senator BREWSTER. I think that I stated accurately the circumstances under which you came before our committee and finally did disclose your identity and your authority for coming here, but you were not prepared to state the purpose of your mission. Are you still not clear as to why you were sent here?

Mr. McKAY. Why, quite as clear now as I was then, and I was then entirely clear.

Senator BREWSTER. Yes. Now, what was the purpose of your visit?

Mr. McKAY. To attend these hearings.

Senator BREWSTER. As an observer?

Mr. McKAY. I can't go that far. I was directed to attend these hearings.

Senator BREWSTER. Well, of course, that, I think you will recognize, Mr. McKay, is a pretty severe strain on anyone's credulity that you were simply instructed to come down here and be present. There must have been some purpose. Was General Somervell the one who directed you to come here?

Mr. McKAY. He did.

Senator BREWSTER. When he directed you to come here, he must have said something more than simply to go down there and listen.

Mr. McKAY. No; he did not need to.

Senator BREWSTER. You have done more than listen. You have talked with several of our witnesses.

Mr. McKAY. Well, I naturally would because they are known to me, and if nothing more, I would salute them.

Senator BREWSTER. You had some measure of responsibility for this job here, didn't you? You had some measure of responsibility for this job.

Mr. McKAY. The answer is "No."

Senator BREWSTER. Have you had any connection with this job here in construction?

Mr. McKAY. I have been here several times.

Senator BREWSTER. You have been here several times. Over how long a period?

Mr. McKAY. In the course of a year.

Senator BREWSTER. How many times would you say, roughly?

Mr. McKAY. I would say three times.

Senator BREWSTER. Three times, at least. How long would you be here when you came?

Mr. McKAY. One, or two, or three days.

Senator BREWSTER. In what capacity did you come?

Mr. McKAY. I came in the capacity of looking at the job.

Senator BREWSTER. To see whether satisfactory progress was being made?

Mr. McKAY. To see what progress was being made.

Senator BREWSTER. And did you report back to your superiors, to General Somervell?

Mr. McKAY. Yes, sir.

Senator BREWSTER. And while you were here, you went into all phases of the job that you could in the time you had?

Mr. McKAY. That I could in the time permitted.

Senator BREWSTER. And in Washington did you have any contact with the direction of this job here?

Mr. McKAY. Contact, yes.

Senator BREWSTER. On the telephone?

Mr. McKAY. No.

Senator BREWSTER. You never had any telephone communication with this job?

Mr. McKAY. Not in connection with the contact here.

Senator BREWSTER. Well, I am asking you whether you had any telephone contacts of any character on this job?

Mr. McKAY. No.

Senator BREWSTER. Never had any telephone conversations with any of the officers here?

Mr. McKAY. Oh, yes.

Senator BREWSTER. Well, that is the question I am asking you. What were they about?

Mr. McKAY. I can't recall now.

Senator BREWSTER. How frequently do you think you would communicate with the officers here regarding this job?

Mr. McKAY. Very infrequently.

Senator BREWSTER. How many jobs of this character came under your attention?

Mr. McKAY. Many.

Senator BREWSTER. You were connected with various jobs of this character over the country?

Mr. McKAY. Not connected with, but observing.

Senator BREWSTER. Observing. Well, what are your precise duties, Mr. McKAY, as you would define them?

Mr. McKAY. Well, they read very importantly. I have not the prescription with me. Among them is to maintain contact with Members of the Congress.

Senator BREWSTER. We are happy to welcome your attentions.

Mr. McKAY. I am grateful to you, sir, for saying that.

Senator BREWSTER. What other duties do you have besides keeping contact with Members of Congress?

Mr. McKAY. Members of the Army in charge of construction, and numerous other duties which I don't now recall.

Senator BREWSTER. And how long have you been connected with the Department?

Mr. McKAY. Well, I am a former Regular Army officer, a graduate of West Point. During the World War I was the Assistant Director of Purchase and Supply, General Staff, and the former Director of Artillery Loading.

Senator BREWSTER. Since the World War, in that connection, you have been in private enterprise?

Mr. McKAY. Yes, sir; except as I have also been the New York State commander of the American Legion.

Senator BREWSTER. And what have been your private connections?

Mr. McKAY. I have none now.

Senator BREWSTER. I said "have been."

Mr. McKAY. I was president of Standard Coupler Co., a railroad-supply business in the national field. I am a former vice president of J. G. White & Co., an engineering concern. And those two activities would mark my principal activity.

Senator BREWSTER. Since the war? Since the World War?

Mr. McKAY. Yes; except that I was vice president of J. G. White & Co. before the World War.

Senator BREWSTER. Does the J. G. White & Co. do a large business over the country? Do they not?

Mr. McKAY. I think they are in the international field.

Senator BREWSTER. And also for the United States Government?

Mr. McKAY. I don't know.

Senator BREWSTER. You don't know whether they have ever done any Government work?

Mr. McKAY. No, sir.

Senator BREWSTER. How long has it been since you were connected with them?

Mr. McKAY. 1917.

Senator BREWSTER. And are you an officer now or a civilian employee of the War Department?

Mr. McKAY. I am a civilian employee of the War Department.

Senator BREWSTER. And what is your salary?

Mr. McKAY. \$8,000 a year, as against seventeen to thirty-five thousand dollars in civil life.

Senator BREWSTER. And how long have you been with the War Department?

Mr. McKAY. Since January 30, 1941.

Senator BREWSTER. Now coming down to this present case, you have heard various reports regarding difficulties on this job, have you not?

Mr. McKAY. I have read them and heard them, yes.

Senator BREWSTER. And you know that the matter has been under investigation for sometime by various agencies?

Mr. McKAY. Yes.

Senator BREWSTER. The House committee was concerned about it.

Mr. McKAY. I know they investigated it.

Senator BREWSTER. And you knew that Army officers had already been assigned to investigate complaints?

Mr. McKAY. I didn't hear that question.

Senator BREWSTER. That Army officers had been assigned to investigate complaints.

Mr. McKAY. That I didn't know.

Senator BREWSTER. You didn't know that any Army officers were investigating any of the complaints of irregularities on this job?

Mr. McKAY. I will take that back, Senator. Yes, I know that the Inspector General's Department, a part of the Army, investigated this situation at Wolf Creek.

Senator BREWSTER. And did you know that there were also complaints regarding labor difficulties on the job and irregularities—rackets, as they were termed?

Mr. McKAY. I knew that there was complaint of labor difficulty here.

Senator BREWSTER. Yes. Did you know that that was investigated?

Mr. McKAY. Yes.

Senator BREWSTER. What did you learn regarding it?

Mr. McKAY. I learned that it was a union labor matter.

Senator BREWSTER. Now, did you take any steps to stop that investigation?

Mr. McKAY. No, sir.

Senator BREWSTER. Not at any time?

Mr. McKAY. Not at any time.

Senator BREWSTER. Did you know that Lieutenant Pennington was investigating the matter?

Mr. McKAY. Yes, sir.

Senator BREWSTER. And you never issued any orders to discontinue?

Mr. McKAY. Why, I don't issue orders, Senator.

Senator BREWSTER. Well, you never communicated any advice that it would be a good idea for Lieutenant Pennington to lay off?

Mr. McKAY. No.

Senator BREWSTER. You are very positive about that?

Mr. McKAY. Not very positive.

Senator BREWSTER. You are not very positive?

Mr. McKAY. No.

Senator BREWSTER. Then you would not be surprised to hear the following conversation between yourself and Captain Hofto, I take it.

Mr. McKAY. Ah!

Senator BREWSTER. Just a moment, now. I will read you something and perhaps this will refresh your recollection.

"September 25, 1941." Did you have at that time a telephone communication with Captain Hofto?

Mr. McKAY. I can't recall.

Senator BREWSTER. Well, let's see if this will refresh your recollection.

Mr. McKay from Washington, calling.

I take it that must be you.

Will you be good enough to have Lieutenant Pennington ease off on his investigation of labor charges?

Captain Hofto: We have already stopped it.

Mr. McKay: The publicity is unfavorable and, in the opinion of this office, might lead to stirring some labor trouble.

Captain Hofto: We have already stopped it. It has been taken over for a week by the contractor.

(The document referred to was marked "Exhibit No. 156" and is included in the appendix on p. 3278.)

Senator BREWSTER. Would you deny that that was a correct quotation of your conversation, Mr. McKay?

Mr. McKAY. No, sir. It does not need to be put in the form of a denial. I acknowledge it.

Senator BREWSTER. You acknowledge it?

Mr. McKAY. Yes.

Senator BREWSTER. Then you do recognize now that you ordered Lieutenant Pennington to desist from his investigation of the labor charges.

Mr. McKAY. No; I do not.

Senator BREWSTER. You do not? Please explain the conversation.

Mr. McKAY. In the first place, I was speaking to the then Captain Hofto.

Senator BREWSTER. Yes. Who was Captain Hofto.

Mr. McKAY. He was then C. Q. M, Wolf Creek ordnance plant.

Senator BREWSTER. In charge of this job?

Mr. McKAY. Right.

Senator BREWSTER. And you were speaking to him from his superior officer's quarters.

Mr. McKAY. Yes.

Senator BREWSTER. All right.

Mr. McKAY. But by way of suggestion.

Senator BREWSTER. "Will you be good enough to have Lieutenant Pennington ease off on his investigation of labor charges?" Now please explain that. Explain it!

Mr. McKAY. It needs no explanation.

Senator BREWSTER. You stated a little earlier that you had never discontinued Pennington's investigation. I should think there would need to be a little reconciliation of your sworn testimony here.

Mr. McKAY. I am conscious of the oath.

Senator BREWSTER. Yes. Now reconcile it, if you can. Reconcile that, if you can.

Mr. McKAY. What do you want me to reconcile?

Senator BREWSTER. Your testimony earlier that you had not stopped the Pennington investigation. Do you now admit that was in error?

Mr. McKAY. The record stands for itself. That transcript is acknowledged. Just what do you want me to do?

Senator BREWSTER. I just want to know whether or not you now admit that you were in error when you swore to this committee that you had not stopped Lieutenant Pennington investigating the labor charges here. Do you admit that was in error now?

Mr. McKAY. Well, frankly, when you started talking about Lieutenant Pennington, I had no connection in my mind with the conversation I had with the then Captain Hofto.

Senator BREWSTER. Well, I had established earlier that you were a person of considerable experience. You admitted yourself the very responsible positions you held both in public and in private life. In an endeavor to make you conscious of the serious character of this proposition, we have heard that the investigation of the labor charges was discontinued by War Department order. You categorically denied that before this committee until your conversation was presented, which you now admit is absolutely correct and shows the order.

Mr. McKAY. It is correct.

Senator BREWSTER. All right. You want to leave the matter right there, do you?

Mr. McKAY. How would you have me leave it? I want to cooperate with this committee.

Senator BREWSTER. I think the record is sufficiently clear.

Now I would like to know why you instructed Captain Hofto to stop the Pennington investigation of labor charges. Why?

Mr. McKAY. I did not instruct him, sir.

Senator BREWSTER. Just a moment on that. You did not instruct him! You called up an officer under the direction of the Quartermaster's office and said, "Will you be good enough to have Lieuten-

ant Pennington ease off on his investigation of labor charges?" How do you distinguish between that and a direction to a subordinate officer?

Mr. McKAY. I have no authority to direct anybody.

Senator BREWSTER. And whom did Captain Hofto understand you were speaking for?

Mr. McKAY. Captain Hofto would have to answer that. I don't know.

Senator BREWSTER. Whom did you purport to represent?

Mr. McKAY. I did not purport to represent anybody.

The CHAIRMAN. You represent the Quartermaster General in that connection. Did you represent the Quartermaster General when you were making that conversation?

Mr. McKAY. It would all be according to the interpretation of the person who received the message.

The CHAIRMAN. Wouldn't the person receiving the message interpret that you represented the Quartermaster General? Wasn't that what you intended him to do?

Mr. McKAY. You know I can't answer that, Senator.

Senator BREWSTER. Are you going to quibble over the proposition that you were not the representative of the Quartermaster General's office after all the evidence you have given us here last night and this morning? Do you mean to take refuge behind the proposition that you were not the representative of the Quartermaster's office? I am amazed. I am amazed, Mr. McKay.

Mr. McKAY. Well, I am somewhat amazed myself.

Senator BREWSTER. Well, now, are you or are you not the representative of the Quartermaster General's office. It would seem as though, after 2 days before a senatorial committee, you could determine that you are or you aren't.

Mr. McKAY. I am an employee of the War Department.

Senator BREWSTER. You have spoken about the extremely important responsibilities you have in the office of the Quartermaster General. Here you have telephone conversations giving what certainly seem to be instructions. I could go on with this conversation. You took up three different matters concerned with the War Department Quartermaster General and gave instructions to Captain Hofto as to his procedure, and he accepted them as such. Now, do you mean to tell this committee that you were entirely a gratuitous interloper in these conversations?

Mr. McKAY. I don't think I ever used any such language, and I am glad I covered three subjects in one telephone conversation, because that is economical.

Senator BREWSTER. Do you have anything further to say as to why—

Mr. McKAY (interposing). I am not here, sir, by interloping. I am here under subpoena or by invitation.

Senator BREWSTER. Well, I think the circumstances under which you appeared are sufficiently clear in the record. Now, will you explain, if you can, why you called Captain Hofto on September 25 and asked him to "be good enough to have Lieutenant Pennington ease off on his investigation of labor charges"? Will you explain why you said that to him?

Mr. McKAY. Gladly.

Senator BREWSTER. All right.

Mr. McKAY. In my estimation, which could be all wrong, it was no part of Lieutenant Pennington's job to conduct any investigation in that quarter. My recollection of Lieutenant Pennington's duties at that time was that he was public-relations officer. On most projects there is a labor-relations officer. I do not think, although I could be wrong, that Lieutenant Pennington was both public-relations officer and labor-relations officer.

Senator BREWSTER. Where did you get your information on which you based your conclusion that Lieutenant Pennington had better lay off?

Mr. McKAY. I don't recall now, Senator.

Senator BREWSTER. Did you have any communications, do you recall, with anybody interested in this matter?

Mr. McKAY. I don't recall. Nobody of importance.

Senator BREWSTER. Did you ever have any communication with Mr. or Mrs. Ferguson?

Mr. McKAY. Never in my life.

Senator BREWSTER. You have never known them at all?

Mr. McKAY. Never in my life.

Senator BREWSTER. You never have known Mr. and Mrs. Ferguson before?

Mr. McKAY. Never.

Senator BREWSTER. When did you first meet them?

Mr. McKAY. I don't know about Mrs. Ferguson. I met Mr. Ferguson sometime yesterday afternoon while this hearing was in session, to greet him only, if that is Mr. Ferguson. I don't know whether he is the Mr. Ferguson.

Senator BREWSTER. That was the first time?

Mr. McKAY. Yes, sir.

Senator BREWSTER. Now, did you receive any directions from anyone else before you communicated this request to Captain Hofto on September 25?

Mr. McKAY. No.

Senator BREWSTER. That was entirely on your own motion?

Mr. McKAY. Yes.

Senator BREWSTER. And did you have any knowledge of the conferences which had been held on the preceding day between the labor representatives and representatives of the Government regarding this very matter?

Mr. McKAY. I did then or subsequently.

Senator BREWSTER. Did that affect your decision?

Mr. McKAY. To the extent that I thought that Lieutenant Pennington as public-relations officer was invading the field of the labor-relations officer.

Senator BREWSTER. And who was the labor-relations officer?

Mr. McKAY. I don't know.

Senator BREWSTER. You don't know?

Mr. McKAY. No, sir.

Senator BREWSTER. Was there a labor relations officer?

Mr. McKAY. There is on most projects. I don't know.

Senator BREWSTER. You don't know whether there was here?

Mr. McKAY. No.

Senator BREWSTER. Well, isn't it rather extraordinary for you to tell Lieutenant Pennington, as public relations officer, to lay off unless you have knowledge that there is some other responsible Government officer to look after the matter?

Mr. McKAY. Was it extraordinary?

Senator BREWSTER. Yes. You said that you felt Lieutenant Pennington was invading the province of the labor relations officer. You now say that you don't know whether there was a labor-relations officer on this job or not.

Mr. McKAY. Well, on most projects there is a labor relations officer and a personal relations officer—

Senator BREWSTER. You mean a personnel man? You said "personal relations." What do you mean?

Mr. McKAY. Public relations; excuse me.

Senator BREWSTER. Public relations?

Mr. McKAY. And it is not, in my judgment, appropriate to have one officer fulfill both jobs, the two jobs.

Senator BREWSTER. But you have no knowledge whether or not there were the two officers on this job?

Mr. McKAY. No.

Senator BREWSTER. Then I don't see that you get very far. You simply told Lieutenant Pennington to lay off; whether anyone else was looking after the interest of the Government you do not now know and did not then know, apparently. Is that correct?

Mr. McKAY. No, I don't know; but I am confident somebody was.

Senator BREWSTER. But I would like to put in the record at this point the record of the conference between the representatives of the labor organization and the representatives of the Government on September 24, 1941, concerning the Wolf Creek ordnance plant, at which the representatives of the Government were Captain Hofto, Lieutenant Pennington, Mr. Atkin was representing the Government or the contractor—the contractor; Mr. Ferguson, Mr. Loring, as well as the others who are named. I would like to have that incorporated in the record at this point, which I think establishes very clearly that Lieutenant Pennington was the authorized representative of the Government in dealing with this entire matter of labor relations, and I think the record shows that here on the spot very careful consideration was being given by all concerned to the very unfortunate reports that were in circulation regarding labor racketeering on this project.

(The minutes referred to were marked "Exhibit No. 157" and are included in the appendix on p. 3278.)

Senator BREWSTER. Mr. Ferguson, the contractor, exhibited great concern, Captain Hofto, and everyone else concerned. In other words, it is evident from that record that here in Memphis and over the country there was the very greatest concern as to whether or not improper practices had been followed, and out of a clear sky from Washington, through your voice, comes the order for Lieutenant Pennington to lay off. Now, I would like you to explain why you took so serious a responsibility under those circumstances, Mr. McKAY.

Mr. McKAY. Senator, that is a large order.

The CHAIRMAN. I would say it is.

Senator BREWSTER. I am afraid it is too large an order for you, Mr. McKAY.

The CHAIRMAN. I would say it is a very large order.

Mr. McKAY. Well, I have lost larger ones, so I will lose this one.

Senator BREWSTER. That is the way you want to leave it?

Mr. McKAY. Yes.

The CHAIRMAN. That is all, Mr. McKay.

TESTIMONY OF LEV G. LORING, PRESIDENT, MEMPHIS TRADES AND LABOR COUNCIL AND LABOR COORDINATOR OF WOLF CREEK ORDNANCE PLANT—Resumed

The CHAIRMAN. Mr. Loring, are you ready to make your report to the committee this morning?

Mr. LORING. Mr. Glatt is here.

The CHAIRMAN. All right. Bring up Mr. Glatt.

Mr. Glatt, do you solemnly swear to tell the truth, the whole truth, and nothing but the truth, so help you God?

Mr. GLATT. I do.

The CHAIRMAN. Mr. Glatt, will you give your full name and connections to the reporter, please, for the record?

Mr. GLATT. Hugo Glatt, representative Cement Finishers Local 521 of the Memphis A. F. of L.

The CHAIRMAN. Proceed, Mr. Fulton.

TESTIMONY OF HUGO GLATT, REPRESENTATIVE CEMENT FINISHERS LOCAL 521, MEMPHIS, AMERICAN FEDERATION OF LABOR

LABOR FEES

Mr. FULTON. Mr. Glatt, did you bring your records here?

Mr. GLATT. Records? No, sir.

Mr. FULTON. Where are your records?

Mr. GLATT. My records—I have them all, receipt, stubs, at my house.

Mr. FULTON. Why didn't you bring your records here as requested by the committee?

Mr. GLATT. I wasn't informed that way, that I know of.

Mr. Fulton. You say you were not informed that the committee wanted your records?

Mr. GLATT. Not that way, I don't think. My wife took the message; I didn't take it.

Mr. FULTON. Didn't Mr. Loring so inform you?

Mr. GLATT. Sir?

Mr. FULTON. Didn't Mr. Loring also so inform you?

Mr. GLATT. I never saw Mr. Loring until just a few minutes ago when I came in the courtroom and he asked me if—

Mr. LORING (interposing). Pardon me, may I interrupt here? I called Mr. Glatt's home yesterday and they told me that Mr. Glatt was in Jackson. I tried to get him there and they told me that he was in Paris, Tenn. I left word at Mr. Glatt's house.

Mr. FULTON. Did you leave word, as you were requested, that he should bring his records?

Mr. LORING. I told him, yes; to have his records here for this meeting.

Mr. FULTON. And your wife did not tell you that you should have your records?

Mr. GLATT. I will not say that she did not tell me. I talked to her and she told me Mr. Robinson had called from the Peabody Hotel.

Mr. FULTON. And he had also asked for your records?

Mr. GLATT. I won't say he did. But I have them; I have all the stubs of all the receipts.

Mr. FULTON. Will you deliver your records to Mr. Robinson for a study by him during the next few days?

Mr. GLATT. I sure will.

Mr. FULTON. Now, Mr. Glatt, when did you become business agent of the cement finishers?

Mr. GLATT. I have been business agent for the cement finishers off and on at different previous times from about, I will say, 1912, or something like that.

Mr. FULTON. In Memphis?

Mr. GLATT. Yes, sir; but I only work a term out and go back and work for the contractor or contract myself. This last time I have been business agent since—I believe my third term expires next month.

Mr. FULTON. How long is your term?

Mr. GLATT. One year.

Mr. FULTON. And by whom were you employed 3 years ago?

Mr. GLATT. Three years ago? Mostly by the S. & W. Construction Co.

Mr. FULTON. As a cement finisher?

Mr. GLATT. Cement finisher and cement finisher foreman.

Mr. FULTON. And when you became business agent of the union, what was your contract as to your wages or employment?

Mr. GLATT. With the union?

Mr. FULTON. Yes.

Mr. GLATT. At that time?

Mr. FULTON. Three years ago.

Mr. GLATT. Three years ago I was allowed, as well as I remember, the time I put in. If I worked on a job, I had to quit the job or go off the job; they paid me for the time I put in as representing the union, that is——

Mr. FULTON (interposing). How much per hour?

Mr. GLATT. At that time I believe the scale was \$1.12½.

Mr. FULTON. And is that still your arrangement with the union?

Mr. GLATT. Sir?

Mr. FULTON. Is that still your arrangement with the union?

Mr. GLATT. No, sir.

Mr. FULTON. If not, when was it changed?

Mr. GLATT. It wasn't long after that, a very short period, as well as I remember, that I was given, I believe, \$37.50 at a foreman's salary—no; anyway, I was given 3 days a week to attend to the union's business and the other 3 days a week I worked for the contractor. It also was the rate of \$1.12½ as a cement finisher or \$1.25 as a cement finisher foreman. I can't remember, at that time, whether I was a foreman or finisher. I don't know. Cement finishers change every day.

Mr. FULTON. How long a day did you work on these matters?

Mr. GLATT. Well, figure it out from a job. If it took 4 hours, then I would charge them with 4 hours. But when I got on the 3-day pay that was the standard scale. I got the 3 days——

Mr. FULTON. Three days?

Mr. GLATT. Three days, regardless of time. If it took all night it just took all night. I got that much money and no more.

Mr. FULTON. That is 24 hours a week that you were paid at \$1.12½ or \$1.25?

Mr. GLATT. Yes, sir.

Mr. FULTON. As business agent?

Mr. GLATT. If I remember right, it was \$37.50.

Mr. FULTON. And then you worked 3 8-hour days for some private contractor for yourself.

Mr. GLATT. Now, we won't say 3 8-hour days, because a cement finisher's time is mostly from——

Mr. FULTON (interposing). For the contractor you were working only as an ordinary cement finisher and were not in any way representing the contractor.

Mr. GLATT. The contractor?

Mr. FULTON. Yes.

Mr. GLATT. I could have been foreman or cement finisher. When I was working for the union I only represented the union, even if it was against the contract I was working for.

Mr. FULTON. When you were working for the contractor you worked only as a laborer?

Mr. GLATT. I worked for the contractor.

Mr. FULTON. Only as a laborer and not——

Mr. GLATT (interposing). Only as a mechanic or foreman. I wasn't allowed to work for the union on the contractor's pay.

Mr. FULTON. Now, when did that arrangement change?

Mr. GLATT. It was a very short period. I couldn't say whether it was 6 months or what, but it was a short period, I know, because just as soon as we organized enough that I had to work and continue on the job, then they had to raise my pay, because I didn't have much time to work for the contractor. But I can't say just——

Mr. FULTON (interposing). And what month, as near as you can recall it, and what year was that that you became a full-time employee of the union?

Mr. GLATT. A full-time employee? Well, I know not less than 2 years—around 2 years ago.

Mr. FULTON. And what was your contract with the union then for wages?

Mr. GLATT. I believe I started out at \$44 a week. I believe that was the scale if I made full 40 hours with the contractor; I believe the pay would be \$44, and whatever the scale was that is what the union paid me, the same as if I were working for a contractor.

Mr. FULTON. And did they ever change that?

Mr. GLATT. Yes, sir.

Mr. FULTON. When?

Mr. GLATT. I believe about maybe a year ago they changed it to \$50 a week.

Mr. FULTON. And it is still \$50 a week, or is it?

Mr. GLATT. Yes, sir; it is still \$50 a week.

Mr. FULTON. Was there any expense allowance or were you allowed only such expenses as you incurred?

Mr. GLATT. They pay all the expenses.

Mr. FULTON. But only such expenses as you actually incur. Is that correct? In other words, they didn't give you a sum of, say

\$30 a week for expenses, but they paid such expenses as you submitted vouchers for to prove that you had them.

Mr. GLATT. Yes, sir.

Mr. FULTON. Have you any income outside of the union?

Mr. GLATT. Have I income? No, sir.

Mr. FULTON. Have you had during the last 3 years except from employment as a workman by contractors?

Mr. GLATT. Workman—well, when business is dull in the winter-time, I believe it was year before last when business was dull, I was allowed to work and the money I made from the contractor—I still received my check from the union, but I had to take my check that I made with the contractor and give it to the union. In other words, if I was on a straight time basis with the union and working for the contractor, I would have to return that money to the union.

Mr. FULTON. But with those exceptions you have had no private income during that 3-year period? In other words, your income has been salary from the union or salary from contractors who employed you.

Mr. GLATT. Salary from the contractors that employ me; yes, sir. I have a little private income—not now, but I did up until this defense job, but it doesn't amount to anything. I raise a few chickens and sell eggs, but I don't know what that amounts to. At one time I had a pretty good business, but since this defense project I haven't had time to fool with it. You might say I haven't any at all now.

Mr. FULTON. With respect to the Cement Finishers' Union, the local here in Memphis, they have taken in how many new members in the last year and a half, approximately?

Mr. GLATT. I would say approximately—I guess less than a hundred.

Mr. FULTON. Less than how many?

Mr. GLATT. Less than a hundred. I don't guess it could be. I guess it could be at least a hundred.

Mr. FULTON. At \$80 apiece?

Mr. GLATT. Yes.

Mr. FULTON. That is \$8,000 from initiation fees for that 100 new members.

Mr. GLATT. Yes, sir.

Mr. FULTON. Now, have you also had any work permits for cement finishers who did not become members of this Memphis local but who did work on defense projects just as the Wolf Creek?

Mr. GLATT. The Wolf Creek?

Mr. FULTON. Or other defense projects in this area?

Mr. GLATT. Well, there are some that didn't pay out and went to another job and finished paying out there, and there are some that came from other locals that didn't pay out there and finished paying out here.

Mr. FULTON. How much in initiation fees that were part paid, of that character, came into the Memphis local of the cement finishers?

Mr. GLATT. That came to the Memphis local?

Mr. FULTON. How many thousands of dollars did you collect in that way?

Mr. GLATT. In initiation fees? All together, everything we got?

Mr. FULTON. That is right.

Mr. GLATT. Oh, I imagine we collected somewhere between \$21,000 to \$24,000, something like that.

Mr. FULTON. And does that include this 5 percent?

Mr. GLATT. Yes, sir.

Mr. FULTON. Which was charged?

Mr. GLATT. That is always charged.

Mr. FULTON. Is that charged to members of the Memphis local who aren't working on defense projects?

Mr. GLATT. Yes, sir; except a few exceptions. We have some members who are exceptions, some don't pay at all. If a man who can't hold a job just gets a job once in a while, we send him out when we have to have him, and probably the contractor will use him because he is good enough to take care of that part of the work, but when he can't do another part of the work he lets him go. He doesn't pay anything.

Mr. FULTON. How many cement finishers were there working out there at Wolf Creek and Milan?

Mr. GLATT. I think the highest we ever had was 175 or 185.

Mr. FULTON. Are you sure of that?

Mr. GLATT. No, sir.

Mr. FULTON. I understood there were several hundred.

Mr. GLATT. No, sir.

Mr. FULTON. Are you sure there were not several hundred?

Mr. GLATT. Several hundred? In my honest opinion I don't believe at any particular time the list I got from the superintendent I don't believe at a particular time cement finishers were over—well, I will say it probably pushed up to 200 maybe for a period of a week or two. I am not counting other people doing cement finishing. I am talking about cement finishers. I made an investigation and I did find somewhere around, oh, I would say 60 or 80 laborers, maybe somewhere around 25 plasterers and other crafts that were doing what we call cement work. But there wasn't at that time—I believe that was the time that things were getting behind and had to be caught up or something. I don't remember just what happened, but we couldn't get the cement finishers.

Mr. FULTON. In other words, you explain the fact that you have only union records on a couple of hundred of these people by saying that the others weren't members of your union?

Mr. GLATT. Yes, sir.

Mr. FULTON. You say you didn't collect fees from the others?

Mr. GLATT. No, sir; not a dime.

Mr. FULTON. That would amount to a good many thousands of dollars?

Mr. GLATT. Yes, sir; but—

Mr. FULTON. Just those people.

Mr. GLATT. No, sir; we don't collect from anybody but our members; nobody.

Mr. FULTON. You are sure you have recorded in your books the names of everybody that you collected from?

Mr. GLATT. Yes, sir; we have receipts. We have it recorded, and each man has a receipt for what he paid.

Mr. FULTON. And when he pays, he pays how, in cash?

Mr. GLATT. The majority pay in cash. There are a few pay in checks. They keep their money in the Milan Bank and don't want to carry it in their pocket, I imagine, and a few pay in checks.

Mr. FULTON. When they pay in cash they get what kind of receipt?

Mr. GLATT. Well, when we started off we started to give them a permit, and we ran out of permits, and then we just gave them an ordinary receipt. I caught the devil about it.

Mr. FULTON. What was this ordinary permit you refer to?

Mr. GLATT. The ordinary receipt, just a receipt like I buy in a bookstore.

Mr. FULTON. You mean in the 5- and 10-cent store?

Mr. GLATT. Five- and ten-cent store, anywhere I could buy them.

Mr. FULTON. How did you sign that receipt?

Mr. GLATT. With my name on it.

Mr. FULTON. With the union name?

Mr. GLATT. No, sir. That is what I caught the devil about.

Mr. FULTON. Those receipts weren't numbered consecutively, were they?

Mr. GLATT. No, sir; they weren't numbered. Every man had to show his receipt; when he got paid up he had to come up and show his \$80 receipt, and when he showed his \$80 receipt then I would give him a temporary card so he would be in good standing from that day on, and then the secretary would send an application to the international, and when a number came back from the international, then the secretary would give him a permanent card, but the temporary card was just as good as the permanent card, only we didn't have a number from the international for him so we couldn't give him a permanent card.

Mr. FULTON. Did you number those receipts consecutively?

Mr. GLATT. No, sir; they weren't numbered at all.

Mr. FULTON. Did you number those temporary permit cards consecutively?

Mr. GLATT. No, sir; I don't believe they are numbered. They may be numbered in the book; I don't remember. We have a regular form of permits with everything on there, the union number, and everything on it. But I don't know whether they are numbered or not.

Mr. FULTON. If you happened to forget to turn in the stubs of the receipt book and the temporary card records that you had maintained, there would be no way the union would know, would they, that you had collected that money?

Mr. GLATT. They would know it when they audited their books.

Mr. FULTON. How? It wouldn't be in their books.

Mr. GLATT. It wouldn't be?

Mr. FULTON. No. I am just asking whether you might not have forgotten to turn in some of these receipts that you had issued, that is the stubs of the receipts, or to turn in a record of the cards that you had issued, the union wouldn't know it when they audited the books because there wouldn't be any consecutive numbers which would show that you had to account for a particular receipt book or a particular temporary card book. Isn't that true?

Mr. GLATT. They wouldn't know as a rule whether I turned it in or not, but the man would be sitting in the hall when the audit would be called out and he would know whether he paid it or not.

Mr. FULTON. How do you mean, would be called out?

Mr. GLATT. He would say so-and-so paid so many dollars for the year, and if he was sitting in the hall he knows he paid more than that.

Mr. FULTON. I see.

Mr. GLATT. And right then there would be trouble.

Mr. FULTON. And was there ever any such trouble?

Mr. GLATT. Yes, sir. I get trouble every day.

Mr. FULTON. There was trouble of that kind?

Mr. GLATT. Oh, no. I thought you asked me if I ever get in trouble. No, sir. I believe one time there was a difference of \$40 in the books, and it was charged through an error on one page of a man's initials and on another page his full name and one man who had two accounts and was the cause of a \$40 error.

Mr. FULTON. The reason I asked those questions is that the sum of money you collected seems astonishingly small in view of the number of workmen that were out there on that project and the amount that would be if you charged each of them 5 percent of their wages in addition to \$80 initiation fee. But your answer is that you didn't get all of them into your union. Is that it?

Mr. GLATT. Yes, sir. We don't collect from the other trades, it don't make no difference, laborers or anything, we have nothing to do with them. We don't even place them on the job or anything else. We have nothing to do with them whatever.

Mr. FULTON. Weren't you anxious to protect the jurisdiction of your union over cement finishers?

Mr. GLATT. Not when we are short of men. The job must go on, and when we get the men, then we tell the man, "We got them now, we would appreciate it if you would do so-and-so." As a rule they do it and we don't have any arguments about it because we are fair when we haven't got them and they are fair with us when we have got them.

The CHAIRMAN. When you don't have the necessary number you allow somebody else to do the work?

Mr. GLATT. Yes, sir.

Senator BREWSTER. And you did not in those circumstances collect anything from the other employees?

Mr. GLATT. No, sir. We don't collect a nickel. We don't even know them. We just see them on the job, and don't even know them.

Senator BREWSTER. Even though that man might be a cement finisher?

Mr. GLATT. If he is a cement finisher we know he is on that job and he has a card with his labor union or whatever trade he is in, and we know he has a card and we request his card.

Senator BREWSTER. If you were not able to provide the number of cement finishers the job wanted, then they were at liberty to hire other people who were not necessarily members of the union. Is that correct?

Mr. GLATT. They can hire anybody they can get.

Senator BREWSTER. To do this job?

Mr. GLATT. That is our agreement. If we can't supply the men in 48 hours they can go anywhere in the United States and hire anybody they can get.

Senator BREWSTER. And they are under no obligations to join your organization?

Mr. GLATT. Only until we finally can supply the men. Now, if those men are mechanics and can come into our union, then we take them in, but if they are not, then we can't take them in.

Senator BREWSTER. But would those fellows be subject to dismissal within 1, 2, or 3 weeks if you came around and said, "We now have some men for the job"?

Mr. GLATT. We have had this done, and I don't believe there ever was a man dismissed. I never heard of one. In fact, we order no man dismissed only for wrongdoings. We order no man dismissed for being laborer or bricklayer or plasterer or mortar trade, tile setter or terrazo worker. There are parts of concrete work that can be done by any mortar trade, and when we get rushed like we are right now, we let anybody go on there who can do that class of work, and we don't even question them.

Senator BREWSTER. And you don't collect in that instance any 5-percent fee or any other dues of any character from those?

Mr. GLATT. No, sir; not one dime of any description. I will take that back. We have one man. He is a plasterer by trade, and he carries a plasterer's card, and he does not pay anything; I believe he is a charter member or something; he does not pay anything into the plasterers whatever, and he pays us the nickel on a dollar and no dues. I think that is the only man that we have. He is not working right now. He is sick in Memphis right now.

Senator BREWSTER. I take it the unions seem to be pretty well organized here. The counsel, Mr. Fulton, the examiner, comes from New York where they have these things much more delicately developed. That is the purpose of this numbering of receipts, and so on. I am another country boy like yourself and I didn't know just how these things were done.

Mr. GLATT. I just got a letter from the international informing me to get the right kind of receipts. I just got that letter from the international on the 23d of last month, that I had better get the right kind receipts.

Senator BREWSTER. You understand the purpose of it, and I do think that as the Government work develops in this character here, in this community and others, we have got to learn some of these New York tricks.

Mr. GLATT. Down South it is not as strong as it is up there. Up there they live right to the minute and we don't do that.

Senator BREWSTER. You have got to learn how to do it, because otherwise these New York fellows suspect that you are doing what they apparently do up in New York.

Mr. GLATT. Yes, sir; I have been accused by them. I've got one right now. I've got one on the job right now accusing me every time he comes up to pay his dues, but he is from Chicago, not New York.

Senator BREWSTER. You see, signing these receipts with your name without either business agent or the union on them, up in New York would be enough to hang a fellow.

Mr. GLATT. Yes, sir.

Senator BREWSTER. The mere fact he did that would be enough. Down here you apparently did it without realizing just what it meant.

Mr. GLATT. Yes, sir. Our international came down and looked everything over and told me that that is something we should not do,

and checked up on us in every respect, and I don't know what kind of report he made back home, but when he first came down he gave me plenty, he told me plenty, and after we went all over all the projects, private contracts and everything else, he made all his investigations and everything, the only thing he told me that I was wrong about was those receipts.

SENATOR BREWSTER. You are going to use numbered receipts, are you, from now on?

MR. GLATT. Yes, sir. I have got to use them. We won't this week, but we are having them made. But that was ordered on the 23d of September. That letter was ordered on the 23d of September by the international, and they also sent me two receipts that I could make any copy I wanted.

SENATOR BREWSTER. In connection with the collection of money, did you immediately deposit that in the bank account of the union?

MR. GLATT. No, sir; not immediately.

SENATOR BREWSTER. What did you do with it in the interval?

MR. GLATT. Well, you see, we have a meeting night every 2 weeks, and I would take the receipt books and check them up and turn them over to the secretary. I don't think he deposits the money until he checks that to see if I am short or ahead, and then he calls me and tells me whether I am short or ahead, and then we go back and check it together, and then we find our notes in there, why these things are wrong. Sometimes, say, for instance, a man comes up and pays me and he will give me \$10, and he is in a hurry to catch a bus. "I'll see you next pay day." The next pay day comes up and "I gave you \$10 last week. I only owed you \$2.50. So give me a receipt for \$2.50 or \$2.00," whatever he got and he shows me his check. The next week he comes back and gets that same thing. That causes errors in the receipt book, but I don't know whether you are familiar with the defense project; they come up and they are always in a hurry when they are going home. If you don't favor them they are sore and you have to do those things to get along with them. You have to treat them just about like you want to be treated. If I run up there in a hurry and deposit \$10 that is good, I know I don't owe that much so that takes care of me, so then I come back and get it checked up later on. Sometimes maybe it is a month, maybe 2 months. I have got men that I haven't seen in 3 months or better.

SENATOR BREWSTER. You carry these funds in your pocketbook for the 2-week period, or do you put them in your bank account?

MR. GLATT. I carry it—that is making a broad statement now because I got to make it—

SENATOR BREWSTER (interposing). Do you treat them as your funds?

MR. GLATT. I have got to make it because that puts me on the spot for highway robbery. I have carried my card until I get home, and when I get home I check up with the secretary maybe the next night, or just as soon as I can get hold of him, and check up with him, and he deposits it at the bank. I don't deposit any money in the bank.

MR. FULTON. Then you just turn cash over to the secretary?

MR. GLATT. Yes, sir; cash and what checks I take. If the checks are made out to me, then I endorse the checks.

Mr. FULTON. And then the union pays you your salary and your expenses by check, does it?

Mr. GLATT. By check; yes, sir. When I turn in the expense, if I spend \$100 this week, they take a vote on it and pay it. Sometimes I have a little trouble collecting because they think I spend too much money, but I spend a plenty, I will admit that. I spend every nickel it takes.

Mr. FULTON. Has your union increased the salaries of its other officers?

Mr. GLATT. One. We only have two paid officers. We increased his salary from, I believe he was getting \$25 a year, and increased his salary to \$60 a month.

Senator BREWSTER. Just a minute. Did you mean just what you said? I understood you to say \$25 a year and increased it to \$60 a month.

Mr. GLATT. Yes, sir.

Senator BREWSTER. You didn't mean \$25 a month?

Mr. GLATT. No, sir; I don't think so.

Senator BREWSTER. \$25 a year?

Mr. GLATT. I think it was \$25 a year, because he could take care of our past business in 1 hour until the defense project and then he got as far behind as I did, and I right now guess I am 4 months behind. I don't know how far behind he is. I guess he is about caught up because his wife is a bookkeeper and she helps him, but his wife does not get any pay; his wife does not get any pay and mine gets \$10 a week to supply the jobs while I am in and out of town, just like that call yesterday, she takes the message, and that is probably 500 times a day. Every laborer in the world wants to be a cement finisher and everybody that hasn't got a job wants to be one, and that telephone rings, I guess you could check up on it, and it won't be less than 500 times a day.

Mr. FULTON. Has the International increased the assessments on the local in the last year?

Mr. GLATT. The International increased what?

Mr. FULTON. The payments by the local to the International, the rate of pay.

Mr. GLATT. No, sir; they only get a dollar a member, that is all. If we have 10 members or 10,000 they only get a dollar a member.

The CHAIRMAN. That is all, Mr. Glatt. It is refreshing to talk to a frank, honest man once again.

Mr. GLATT. Many thanks, gentlemen.

The CHAIRMAN. Proceed, Mr. Loring. You were going to bring us some records this morning. Did you bring them?

Mr. LORING. I called Jackson. You see these local unions are in Jackson, and they were to be here this morning. I understood that the meeting was going to start at 10 o'clock, and Jackson, of course, is about 80 miles from here, and I don't see any of them here yet, but they will be here.

The CHAIRMAN. All right, they will be here by lunch, I suppose.

Senator BREWSTER. One question. Provided we are not able to clear this up today, would your organization and the others with whom you are affiliated make available to our representatives the records so that they might determine about these matters?

Mr. LORING. Yes, sir. That is, I can't say that they will, but I think that they will.

Senator BREWSTER. You will let us state it this way: You will request and advise them to do so.

Mr. LORING. I will advise them to do it. If there is any misunderstanding in labor activities or relations, we ourselves are just as much interested, and if there are any irregularities we are as much interested as anyone else and want to get it cleared up.

Senator BREWSTER. Mr. Fulton, does that cover the matter so that Mr. Robinson will be familiar with Mr. Loring and can contact Mr. Loring?

Mr. FULTON. I think Mr. Robinson can do that tomorrow.

Senator BREWSTER. Mr. Loring, do you know Mr. Robinson? He is our representative and he will be in touch with you to go over these matters.

The CHAIRMAN. Lieutenant Bruce. Will you take the witness chair?

TESTIMONY OF LT. C. H. BRUCE, QUARTERMASTER CORPS, PURCHASING OFFICER, WOLF CREEK ORDNANCE PLANT AND MILAN ORDNANCE DEPOT, MILAN, TENN.—Resumed

EQUIPMENT PURCHASE AND RENTAL PROCEDURES

Mr. FULTON. Lieutenant Bruce, you heard this testimony concerning chert?

Lieutenant BRUCE. Yes, sir.

Mr. FULTON. How much do you know about the chert situation? (Senator Brewster assumed the Chair.)

Lieutenant BRUCE. Frankly, I know very little about it. I will briefly tell you what my experience is with it and go on from there. That is about the best I can do. Naturally, having been purchasing officer for the organization up there when the purchase was made, as I recall the situation, we went to work and placed our bids on the open market for those people who submit contract prices for the delivery of chert on the project. When the bids came in, the Cartwright people had the low bid, and as I recall the tabulation, the Memphis Stone & Gravel had the second low bid, \$2 compared with \$1.63 for Cartwright.

Mr. FULTON. Before those bids came in, had there been any discussions with you by representatives of either the Memphis Stone or the Cartwright Co. of the fact that you would need chert and of the fact that they could furnish chert?

Lieutenant BRUCE. With me? No, sir.

Mr. FULTON. There had not?

Lieutenant BRUCE. No, sir.

Mr. FULTON. When the bid came in, then what happened?

Lieutenant BRUCE. When the bids came in, as is our usual procedure, the bids were investigated and analyzed, when they were opened. In the process of tabulation, and after seeing that the Cartwright people had the low bid—and I have forgotten who the other bidders were at the time, that was, after all, quite a while ago—the

accomplishment of those bids was placed upon the contractor's side to investigate to see whether Cartwright could make the delivery, and the award was made to them on the low bid price.

Mr. FULTON. And what other connections did you have with the chert situation?

Lieutenant BRUCE. Practically none, sir; only in the issuance of purchase orders when different purchases were made, and I assured myself—I checked—that the engineers had made their check and that was what was needed on the job.

Mr. FULTON. And it wouldn't be, I take it, then, your responsibility to check up on the quality of chert or on the question of the extent of rejections or matters of that kind.

Lieutenant BRUCE. No, sir; that would be entirely out of my category.

Mr. FULTON. With respect to subcontracts, did you have anything to do with the negotiation of the subcontracts, particularly those which were cost plus a fixed fee to the subcontractors?

Lieutenant BRUCE. Myself, I don't recall that I was in on any of the discussions. There were some representatives of the C. Q. M. in on those negotiations.

Mr. FULTON. What representatives would that be?

Lieutenant BRUCE. Well, I believe we had five—I believe we had six negotiated fixed-fee contracts, and the parties involved in those negotiations were either Captain Horridge or Captain Hofto up until the time previous to the majority. They sat in on them, or possibly Captain Kibler or possibly Major Brewer of the area. It was hard to define exactly who was at those meetings, but there was a representative from C. Q. M. there, to the best of my knowledge.

Mr. FULTON. In any event, you personally had nothing to do with fixing the amount of the fees?

(Senator Truman resumed the chair.)

Lieutenant BRUCE. No, sir; I did not.

Mr. FULTON. Did you have anything to do with approving the purchase of tools from a sub-subcontractor by the name of Pritchard to be turned over to Hughes—a fixed-fee subcontractor?

Lieutenant BRUCE. In an amount around \$1,700, I believe, is it not—is that the one you are referring to?

Mr. FULTON. Yes. Will you tell us about that? Why was it done, for example?

Lieutenant BRUCE. As I recall the situation, the Pritchard people originally had a lump-sum contract, and they had tools in their organization which they used for the accomplishment of their job—they had a fixed-fee contract for heating—I don't believe plumbing, just heating—a heating contract, and it was necessary for them to procure these necessary tools. I know you gentlemen are familiar with the very critical situation on the obtaining of specialized tools in craft work, but it is very, very critical.

Mr. FULTON. Were these specialized tools?

Lieutenant BRUCE. That is my understanding, yes, sir; and Pritchard had these tools in stock as part of their own project, but their contract had been terminated, or was about to be terminated, and they would have had these tools on hand when they had no further use for them.

Mr. FULTON. Was the contract to be terminated by the completion of the work?

Lieutenant BRUCE. Yes. They had completed their job, to my understanding of the story. Hughes was in very great need of these tools. Among my other duties is handling all the priorities on the project, and we have had very great difficulty in obtaining tools of any kind, specialized tools for any job, but we found that we had these tools available from Pritchard that Hughes could put to immediate advantage and use. Therefore, Lieutenant Cameron, who is one of our construction engineers, an officer up there at the plant, went with the Hughes people and a representative of the Pritchard Co. took these tools that were to be used out of their stock and thoroughly analyzed them and worked out a satisfactory basis upon use, depreciation, and so forth. I don't have a copy of the letter here, but it was signed by both Pritchard and Hughes, showing that that price was in line, that the contract was terminated as far as the Pritchard organization was concerned and the tools were to be purchased by Hughes on that basis.

Mr. FULTON. And purchased, you think, for less money than you could have gotten them elsewhere?

Lieutenant BRUCE. At the present time, yes, sir; and the fact that they were immediately available was one of the other points involved in it, because we have been coerced—not exactly coerced, but advised consistently from Washington to do everything we could to expedite things and we knew if he tried to go out in the open market and buy those tools he would probably be delayed anywhere from 4 to 6 weeks in getting them. In other words, based on the analysis of Lieutenant Cameron and the Hughes people and the Pritchard people, on the analysis of those prices and the immediate availability, we figured that the economic and expeditious thing to do would be to purchase them on that basis.

Mr. FULTON. Was it necessary to buy a great many parts for repair of trucks and automotive equipment and equipment rental?

Lieutenant BRUCE. Has it been?

Mr. FULTON. Has it been?

Lieutenant BRUCE. Is that your question, has it been?

Mr. FULTON. Yes.

Lieutenant BRUCE. It has been to a certain extent; yes, sir.

Mr. FULTON. You've purchased a good many thousands of dollars' worth of parts, haven't you?

Lieutenant BRUCE. Yes, sir. I don't have any idea what the total amount is at the present time, but we have purchased quite a good bit, that is true.

Mr. FULTON. Do you have an idea within \$10,000 of how much it would be?

Lieutenant BRUCE. Sir?

Mr. FULTON. Can you give us a rough estimate within ten or twenty thousand dollars?

Lieutenant BRUCE. I couldn't and be fair about it; no, sir.

Mr. FULTON. Does it exceed \$50,000?

Lieutenant BRUCE. It might; I wouldn't think so.

The CHAIRMAN. Can you get us those figures for the record?

Lieutenant BRUCE. Can I? I believe those figures are here in the audience this morning.

The CHAIRMAN. All right; let's have them.

Lieutenant BRUCE. Mac, do you have those figures on the total cost of repair parts?

Mr. McCARTHY. I have repair parts with cost and labor, but I don't have them broken down.

Lieutenant BRUCE. About \$275,000.

The CHAIRMAN. \$275,000, you say?

Lieutenant BRUCE. That is the figure just given me; yes, sir.

Mr. FULTON. Does the Government have special arrangements made for the purchase of various parts at special prices that are lower than those you can usually get locally?

Lieutenant BRUCE. Yes, sir; that is the general schedule of supplies.

Mr. FULTON. And those are contracts which the Government makes whereby general purpose parts and other pieces of equipment can be purchased by Government order at a price considerably below the ordinary retail price?

Lieutenant BRUCE. That is right.

Mr. FULTON. Is that not correct?

Lieutenant BRUCE. That is right.

Mr. FULTON. Did you utilize those special arrangements to purchase parts, or did you purchase the parts from local dealers here, such as the Taylor-Hale Co.?

Lieutenant BRUCE. Where it was possible to obtain the advantage of T. P. S. prices we purchased on that schedule.

Mr. FULTON. What do you mean by that?

Lieutenant BRUCE. By that I mean in several instances we could not get immediate delivery for the equipment that we had broken down under the T. P. S. schedule.

Mr. FULTON. Was that because of red tape?

Lieutenant BRUCE. No, I wouldn't say red tape.

Mr. FULTON. Why couldn't you get immediate delivery? What was the procedure which prevented it?

Lieutenant BRUCE. Because, as you no doubt realize, this is just one project among many, and those same contractors are being drawn on consistently by other projects to supply materials and parts for other projects.

Mr. FULTON. Are those contracts usually made with the largest contractors of the parts in question in the country or with the manufacturers direct?

Lieutenant BRUCE. You mean the T. P. S. prices?

Mr. FULTON. Yes.

Lieutenant BRUCE. As far as I know they were made direct with the manufacturers.

Mr. FULTON. Then the manufacturers ought to be in a position to furnish as many parts as anybody else, ought they not?

Lieutenant BRUCE. They ought to, yes; under ordinary circumstances, but—

Mr. FULTON (interposing). Is it your opinion that with respect to these parts that you purchased that the manufacturer of those parts didn't have any of them on hand?

Lieutenant BRUCE. I wouldn't say any of them, sir. Don't get me wrong on that. The point is that the demand—

Mr. FULTON (interposing). They didn't have at all times on hand more than the quantities you purchased?

Lieutenant BRUCE. That is possible.

Mr. FULTON. That is almost certain. Isn't it almost certain, Lieutenant Bruce, that the manufacturer of a piece of equipment had on hand more parts than you used here?

Lieutenant BRUCE. Under ordinary circumstances you would think that a manufacturer would have more than enough. But, as I indicated before, there has been a heavy drain on these contractors. I can point out not only with equipment parts but with other contractors under the T. P. S. schedule where we have absolutely had to forego making a purchase under that schedule because we could not get delivery.

Mr. FULTON. I wasn't questioning that you couldn't get delivery. That is why I asked you the red-tape question. What was the procedure that the Army set up for you to get those parts and how long would it take you to use that procedure? In other words, if you wanted a part, how would you go about getting it, T. P. S.?

Lieutenant BRUCE. If we wanted a part we could contact the original contractor on the T. P. S. and see if he could furnish it to us, on a general purchase order.

Mr. FULTON. How did you go about contacting them?

Lieutenant BRUCE. If the equipment was needed immediately, which most of it was, in many instances, we would either phone or wire that contractor.

Mr. FULTON. Would you give me a typical example, say, with respect to Caterpillar parts of the type that you purchased here from Taylor-Hale at prices in excess of the Treasury Process Service, Treasury Procurement?

Lieutenant BRUCE. I don't recall any single operation on that. I do know, however, that Taylor-Hale and some of the other Caterpillar parts, we made purchase orders direct with those distributors because they were the only ones who could furnish that.

Mr. FULTON. You made purchases from them at prices distinctly higher than the Treasury Procurement Service prices? Is that true, higher by some thousands of dollars?

Lieutenant BRUCE. I wouldn't be in a position to answer that. I don't recall in that particular instance.

Mr. FULTON. Isn't it true that the purchases of these \$275,000 of parts were made at prices many thousands of dollars higher than the amount that would have been paid if you dealt on Treasury Procurement Service prices or dealt directly with the big distributors instead of locally with these agencies that were set up around Milan?

Lieutenant BRUCE. Not to my knowledge; no, sir.

Mr. FULTON. Don't you know that, Lieutenant Bruce?

Lieutenant BRUCE. No, sir.

Mr. FULTON. Did you never check it?

Lieutenant BRUCE. We checked on the purchasing of that equipment; yes, sir.

Mr. FULTON. And wouldn't you check the prices at which you were purchasing it to see whether they were higher or lower than the prices that you could get nationally?

Lieutenant BRUCE. We made checks on the T. P. S. schedule; yes.

Mr. FULTON. Don't you know, then, that the prices were higher, the prices that you were paying?

Lieutenant BRUCE. They may have been.

Mr. FULTON. Don't you know that they were?

Lieutenant BRUCE. No; I don't.

Mr. FULTON. How long would it take to get this from Procurement Service? Describe the exact procedure, requisitions and other procedures, that you would have to prepare to get it.

Lieutenant BRUCE. Well, the Equipment Department would make requisition for the material——

Mr. FULTON (interposing). And that would come to the Purchasing Department?

Lieutenant BRUCE. Sir?

Mr. FULTON. That would come to the Purchasing Department, or would it be sent through some intermediate agency?

Lieutenant BRUCE. No; it would come to the Purchasing Department after going through the equipment garage to be sure that they needed that much equipment, or the equipment was needed.

Mr. FULTON. And the equipment garage would make the requisition?

Lieutenant BRUCE. That is right.

Mr. FULTON. That would be sent to your office?

Lieutenant BRUCE. Yes, sir.

Mr. FULTON. And then what would you do with it?

Lieutenant BRUCE. We would turn it over to our chief clerk, who would make the purchase on the regular Government form—308.

Mr. FULTON. And where would he send that?

Lieutenant BRUCE. He would send that to the manufacturer.

Mr. FULTON. And how long would usually elapse before he would get the parts?

Lieutenant BRUCE. That is a rather difficult question to answer. I don't know.

Mr. FULTON. It depends on the particular part?

Lieutenant BRUCE. On the part, on the distance it has to travel, and other items.

Mr. FULTON. And on the type of contract that might have been made with the supplier of the part.

Lieutenant BRUCE. That is right.

Mr. FULTON. In other words, to avoid that, is that the reason you made your contracts directly with some of these suppliers of parts who put up local supply stations?

Lieutenant BRUCE. One reason, yes. Another reason, we have had a very great bit of difficulty in getting these schedules from the Treasury Procurement; in other words, to have our guide to go by on checking prices.

Mr. FULTON. You mean by that that you wrote in and that you didn't get your schedules?

Lieutenant BRUCE. We have had a great deal of difficulty in getting those schedules; yes, sir.

Mr. FULTON. Where did you write? To the War Department?

Lieutenant BRUCE. Both to the zone and to Washington.

Mr. FULTON. And you didn't hear from them in that respect, or what did you hear?

Lieutenant BRUCE. It was just a matter of delay. It has been only within the last 2 or 3 months that we have had a complete schedule of supplies.

Mr. FULTON. So that that was one of the reasons you didn't know whether it was higher or lower?

Lieutenant BRUCE. That is right.

Mr. FULTON. Because they didn't even furnish you the schedules from which you could make that determination?

Lieutenant BRUCE. That is right. But we tried in the procurement of parts to get the parts from various dealers and like other operations on bids, we got them at the lowest bid price where it was at all possible to get it.

Mr. FULTON. Without, however, knowing whether that lowest bid was perhaps 25 or 30 percent above the price that you could have got it under the general contract of the Treasury Procurement?

Lieutenant BRUCE. That is entirely possible, yes, sir; because after all when you make an analysis of bids you are not questioning, perhaps, what the general low price at one time may have been available, but you are taking the face value of those low prices as presented on that tabulation of bids. That is true.

Mr. FULTON. Presented by whoever has that bid in?

Lieutenant BRUCE. Sir?

Mr. FULTON. As presented by whoever has made a bid at that particular time under the conditions that he was asked to bid on.

Lieutenant BRUCE. And the groups of people that have been asked to bid.

Mr. FULTON. Now, with respect to these Treasury Procurement Service prices, do you happen to know, for example, on typewriters, how much the difference would be?

Lieutenant BRUCE. Oh, let's see. I think the average price on a T. P. S. schedule for typewriters is around \$70 or \$77.

Mr. FULTON. And how much were you paying for typewriters here?

Lieutenant BRUCE. Around \$70 to \$77, we bought those on T. P. S. schedule.

Mr. FULTON. So you are not among those who bought them on local conditions.

Lieutenant BRUCE. No, sir.

Mr. FULTON. Where they paid list \$120 and \$130.

Lieutenant BRUCE. No, sir.

Mr. FULTON. And you don't have that question on typewriters, but now with respect to parts, equipment for tractors, and otherwise, are you sure you don't have similar situations?

Lieutenant BRUCE. There may be some discrepancy on parts because it has been very difficult to get them, and under the conditions as I have outlined to you, on those parts.

Mr. MANIER. May I just state one thing to clear the committee. I am informed by the contractor that the parts purchased from Taylor-Hale on tractors—Taylor-Hale was the distributor—were purchased on the T. P. S. schedule invariably, and I think that is a fact.

Mr. FULTON. Who has given you that information?

Mr. MANIER. I asked Mr. Stirton Oman.

Mr. FULTON. And will Mr. Stirton Oman testify to that on his own knowledge?

Mr. STIRTON OMAN. I have checked with the Department.

Mr. FULTON. On matters of that kind we would like to have not your statement, Mr. Manier, not what somebody has told you, but what somebody has told him. I mean if you have a man here who desires to be sworn on that particular point and testify as of his per-

sonal knowledge, that is quite a different thing than a suggestion by counsel.

Mr. MANIER. We are quite ready to testify.

The CHAIRMAN. You have a man here who can testify to that?

Mr. MANIER. That is what I understand.

The CHAIRMAN. Bring him up.

Do you solemnly swear to tell the truth, the whole truth, and nothing but the truth, so help you God, in your testimony before this committee?

Mr. GREIG OMAN. I do.

TESTIMONY OF GREIG OMAN, SUPERINTENDENT, MECHANICAL DIVISION, FERGUSON-OMAN CO., MILAN TENN.

The CHAIRMAN. What are your name and connections?

Mr. OMAN. George Greig Oman, superintendent of mechanical division.

The CHAIRMAN. What business are you superintendent of mechanics for?

Mr. OMAN. Superintendent of mechanical division.

The CHAIRMAN. For Ferguson-Oman?

Mr. OMAN. Yes, sir.

The CHAIRMAN. And do you know of your own knowledge that the parts purchased for these machines that we are referring to now were purchased on the same prices as the Treasury Department buys them?

Mr. OMAN. They were bought on Treasury Procurement schedules; every one of them for Caterpillar tractors.

The CHAIRMAN. On Treasury Procurement schedules?

Mr. OMAN. That is right; T. P. S. contract.

The CHAIRMAN. And they paid the Treasury Procurement prices?

Mr. OMAN. That is right. That is, to Taylor-Hale. That is, on Le Tourneau, the Caterpillar tractors, La Plante Choate; anything that Caterpillar dealers handle in their line. It all came off that schedule and anywhere we could get—

The CHAIRMAN (interposing). On what price did you buy them, then, from Taylor-Hale?

Mr. OMAN. We bought them on the T. P. S. contract. They came right off the schedule. They have a copy of the schedule. Each Caterpillar dealer has a copy of the schedules we pay T. P. S. contract prices.

Mr. FULTON. Mr. Oman, is it your testimony that you have not purchased parts at prices in excess of the T. P. S. schedule?

Mr. OMAN. No Caterpillar tractor parts.

Mr. FULTON. On this project.

Mr. OMAN. No Caterpillar tractor parts.

Mr. FULTON. On this project.

Mr. OMAN. Where there were T. P. S. contracts available and we could get the part immediately, they were bought on T. P. S. contract.

Mr. FULTON. That wasn't my question. My question was, Did you purchase parts at more than the T. P. S. schedule; any parts?

Mr. OMAN. Some parts, where the dealer didn't have them.

Mr. FULTON. What dealer, Taylor-Hale?

Mr. OMAN. No; Taylor-Hale has always had Caterpillar parts; all the Caterpillar parts have been supplied by them.

Mr. FULTON. And from what other dealers did you purchase at higher prices than the T. P. S.?

Mr. OMAN. Well, you see some dealers, some factories don't have a T. P. S. contract, like Northwest Shovel; they don't have a T. P. S. contract and we had to buy them at factory prices plus the freight.

Mr. FULTON. And how about other dealers?

Mr. OMAN. Well, now, Allis-Chalmers tractor parts have all been bought on T. P. S. contract.

Mr. FULTON. I was talking about the parts that were not bought on T. P. S. prices.

Mr. OMAN. Well, small supplies, such as bolts and nuts, lock washers; they were not bought on T. P. S. contract.

Mr. FULTON. And what else?

Mr. OMAN. Well, there is a number of different machines out there that don't have any existing T. P. S. contract, but wherever it was possible to get delivery and buy on the T. P. S. contract we have purchased on T. P. S. prices. Sometimes we bought below the T. P. S. prices.

Mr. FULTON. From what dealers?

Mr. OMAN. Well, for instance, the Continental Ring people. We get a lower price on Continental rings than we would if we bought them from the dealer.

Mr. FULTON. And what other examples can you think of?

Mr. OMAN. Well, for instance there is a number of supplies that we bought for less.

Lieutenant BRUCE. If I might inject a statement, you are on heavy equipment.

Mr. OMAN. Yes; I am speaking of parts for only heavy equipment.

Lieutenant BRUCE. In our light equipment we have just had a situation with the Hull-Dobbs people right here in Memphis. Our standard discount on the T. P. S. schedule is 25 and 5. Then by a process of working with these people we finally got a discount of 39 percent on Ford parts. We have done everything, I want to assure you, gentlemen, we could to procure everything at the lowest price possible.

Senator BREWSTER. What volume would you say of your purchases had been outside T. P. S.?

Mr. OMAN. About 10 percent where T. P. S. prices existed.

Senator BREWSTER. You think that was a pretty safe figure?

Mr. OMAN. Yes, sir.

Senator BREWSTER. That is on repairs and replacements?

Mr. OMAN. That is right, about 75 percent of them have been with Caterpillar dealer.

Senator BREWSTER. About 75 percent of your purchases with them?

Lieutenant BRUCE. Occasionally we would have parts that it was necessary to pick up quick that we had to get immediate delivery on. After all, if you have a \$10,000 or \$15,000 machine laying out there for hours because you can't get a part, if you have to wait 3 or 4 days and go to the factory for it, it really is the expeditious thing to go to the local place and get it in there and get that piece of equipment in operation. You are paying rent on that equipment.

Senator BREWSTER. Of course, the question has been as to whether on so large an operation the provision of repairs would not be anticipated. The criticism has been that if any substantial portion were

purchased at retail prices, it indicated a failure to appreciate the magnitude of the job; that, I think, is the thing to which you should address yourself, whether those incidental purchases which you might well justify run into magnitude. He says 10 percent. Would you agree with that figure, Lieutenant?

Lieutenant BRUCE. It is possible. I don't know. I don't have any check on that. It might be.

Senator BREWSTER. You wouldn't want to go on record.

Lieutenant BRUCE. No; because I am not close enough to the operation.

Senator BREWSTER. You are dealing with the heavy equipment, Oman, that is all?

Mr. FULTON. Lieutenant Bruce, you referred to Hull-Dobbs as being one of the largest distributors in the country of Ford parts and as offering you a 39-percent discount when their own discount was only 40 percent, did you not?

Lieutenant BRUCE. I said we were able to get 39 percent discount.

Mr. FULTON. Now, did you utilize that 39-percent discount or did you go ahead and buy parts from other people at discounts less than the 39 percent?

Lieutenant BRUCE. We utilized 39 percent discount wherever it was possible to do so and as far as I know it was completely after we were able to get that discount with Hull-Dobbs. That was a later contract. We originally had one, a contract in Nashville, I believe, and their discount was 35 percent and then Hull-Dobbs voluntarily gave us 39 percent discount which we immediately accepted and started operations under.

Mr. FULTON. I noted with respect to Taylor-Hale that they sold you according to their own information \$81,000 of parts. This Hull-Dobbs Co. which has given you the 39-percent discount informs us that your total purchases from them were \$5,926.84.

Lieutenant BRUCE. That is possible. Hull-Dobbs represents Ford and Taylor-Hale is the Caterpillar Tractor people. You have two different, distinct—

Mr. FULTON (interposing). Is it your testimony, Lieutenant Bruce, that you only purchased for this project less than \$6,000 of parts of the type that you could have purchased from Hull-Dobbs?

Lieutenant BRUCE. Oh, no; no.

Mr. FULTON. As a matter of fact, you purchased a great many times that, didn't you?

Lieutenant BRUCE. We have purchased from Hull-Dobbs, Mr. Fulton—Hull-Dobbs represents the Ford dealers.

Mr. FULTON. Yes.

Lieutenant BRUCE. Naturally, we could only procure equipment from them that would operate Ford units. The Taylor-Hale people were tractor people, which is an entirely different type of equipment.

Mr. FULTON. I understand that, but I ask you specifically whether less than \$6,000 is all the parts of the type that Hull-Dobbs sold that you bought?

Lieutenant BRUCE. Oh, no, no.

Mr. FULTON. You bought a great many times that, didn't you?

Lieutenant BRUCE. As I indicated just a moment ago, when we went out for bids on parts, for supplies of parts, naturally in this particular instance an organization in Nashville gave us a quotation,

if I recall correctly, of 35 percent, and we purchased through them on the T. P. S. schedule with the additional 5 percent until Hull-Dobbs was able to give us a better discount. Then we purchased from them.

Mr. FULTON. Exclusively?

Lieutenant BRUCE. Practically so; yes.

Mr. FULTON. What do you mean by "practically so"?

Lieutenant BRUCE. Insofar as we brought up the item a moment ago. Where we could get it immediately, if there is a piece of machinery down and we had to go to a nearby dealer, say in Milan or Jackson, Hull-Dobbs is here in Memphis; in other words, if we needed a part, you can't tell when you are operating a job of this kind when a piece of machinery is going to break down and what it is going to need, and you may have a crew of 40 to 50 men out there in the field who are waiting on the operation of that machine, then naturally it is more economical if you can't get it by spending 4 hours to drive down here to get it in Memphis, to go to Milan and pick up the thing for fifteen or twenty dollars extra to get that machine into operation, is it not?

Mr. FULTON. When you are talking about these local dealers, who are these local dealers; they are not people who were in those towns before, are they? Are you talking about people who established garages or warehouse depots out there to sell to you?

Lieutenant BRUCE. Well, whether they did that or not, I don't know; that is more or less beside the point. It is a matter of getting materials.

Mr. FULTON. Don't you know they were set up to sell parts to you?

Lieutenant BRUCE. I know they have done everything they can to get the parts to us at the best delivered prices.

Mr. FULTON. Who did establish these warehouses out there to sell you? Name the companies.

Lieutenant BRUCE. Well, as far as I know, I don't know all of them or how many there are of them. I do know that Taylor-Hale did establish one out there so that he could have a distribution point there as immediately available as possible.

Mr. FULTON. And who else?

Lieutenant BRUCE. I believe a firm by the name of Mills-Morris here in town, but I wouldn't swear to it.

Mr. FULTON. Did you buy anything from Mills-Morris?

Lieutenant BRUCE. Yes; we purchased several items from Mills-Morris, in the process of getting bids and everything similar to other organizations.

The CHAIRMAN. How long have you been on this job, Lieutenant Bruce?

Lieutenant BRUCE. I came here the 13th of February.

The CHAIRMAN. The 13th of February? What are your specific duties? Are you the purchasing agent for the Government?

Lieutenant BRUCE. I was purchasing officer for the C. Q. M., yes, sir.

The CHAIRMAN. It seems to me that you know very little about this situation, practically, to have been on it that long. I would think that you would know exactly from whom you purchased and where they come from and what their antecedents were, and all that sort of thing, for the benefit of this committee as long as you have been on the job.

Lieutenant BRUCE. That might be. The point is, Senator, that when you make your purchases, the contractor lets out his bids and makes his contracts. My job is to analyze those purchases to find out if we do need them and see that we get—

The CHAIRMAN (interposing). That is exactly what I know. I know those are exactly your duties, and you ought to know right offhand just exactly the information that we want to know. The fact that you audited every one of these bids, you know where they came from, you know what the prices are. It seems to me that you could answer promptly on these questions just exactly what we want to know.

Mr. FULTON. When you refer to Mills-Morris and Taylor-Hale, do you mean to infer that you don't know the names of any other companies that were given blanket orders out there and which established arrangements to supply parts?

Lieutenant BRUCE. I think your question is a little beside the point—

Mr. FULTON (interposing). Whether it is or not—

Lieutenant BRUCE. Because, after all, our point is to procure this stuff regardless of where it comes from. If they have a representative here—

The CHAIRMAN (interposing). Just a moment.

Lieutenant BRUCE. All right, sir.

The CHAIRMAN. You stick to the question. It makes no difference whether the question is on the subject or not. The committee is after information. You answer the question that is asked.

Lieutenant BRUCE. I am trying to give it to you, sir.

Mr. FULTON. What are the names of the other companies?

Lieutenant BRUCE. I don't know, sir.

Mr. FULTON. Did you ever know?

Lieutenant BRUCE. It may have passed my desk on records, but I don't recall at the present time.

Mr. FULTON. Did you consider it desirable from your standpoint to check on whether you could get companies to go out there and establish warehouse depots to supply parts?

Lieutenant BRUCE. I didn't understand your question.

Mr. FULTON. Did you think it a part of your duty to check on whether the large organizations were willing to go out there and make arrangements to supply parts at the lowest possible price?

Lieutenant BRUCE. If the organization wanted to establish their disposal plant there or distribution plant, that was up to them, in order to give us immediate delivery.

Mr. FULTON. Now, did you make any blanket orders with certain companies?

Lieutenant BRUCE. We did; yes, sir.

Mr. FULTON. Did you make one with Mills-Morris?

Lieutenant BRUCE. I don't recall that we did; no.

Mr. FULTON. Did you refuse to make one with Mills-Morris?

Lieutenant BRUCE. I don't recall that we did that either. We may, or may not.

Mr. FULTON. Mills-Morris says you did. Do you disagree with them?

Lieutenant BRUCE. That we did refuse to make arrangement with Mills-Morris?

Mr. FULTON. I am just asking whether you refused to make any arrangement with them of that type.

Lieutenant BRUCE. I don't recall that we did.

The CHAIRMAN. Lieutenant, did you ever receive any instructions from Washington to be reticent with this committee in your testimony?

Lieutenant BRUCE. No, sir.

Senator BREWSTER. Did you have any talk with Mr. McKay?

Lieutenant BRUCE. No, sir.

Senator BREWSTER. You never met the gentleman?

Lieutenant BRUCE. I met him yesterday morning when he came here to the hearing.

Senator BREWSTER. Did you have any talk with him then?

Lieutenant BRUCE. No, sir.

Senator BREWSTER. You just met him?

Lieutenant BRUCE. I just met him; yes, sir.

Senator BREWSTER. How was he introduced to you?

Lieutenant BRUCE. Just as Mr. McKay from Washington; that was all.

Senator BREWSTER. From what office?

Lieutenant BRUCE. That wasn't indicated.

Senator BREWSTER. You didn't know he was from the Quartermaster's office?

Lieutenant BRUCE. No, sir.

Senator BREWSTER. Who introduced you to him?

Lieutenant BRUCE. Sir?

Senator BREWSTER. Who introduced you to him?

Lieutenant BRUCE. Major Hofto.

Mr. FULTON. Is Mr. Pirtle in the audience?

Mr. L. E. PIRTLE. Yes, sir.

Mr. FULTON. I think probably he can testify to this material which I thought certainly Lieutenant Bruce would know about.

The CHAIRMAN. We will excuse you and put Mr. Pirtle on. That is all, Lieutenant Bruce.

Do you solemnly swear to tell the truth, the whole truth, and nothing but the truth, in the testimony before this committee, so help you God?

Mr. PIRTLE. I do, sir.

The CHAIRMAN. Be seated and give the reporter your name and connections, please.

Mr. PIRTLE. Louis E. Pirtle.

TESTIMONY OF L. E. PIRTLE, INSPECTOR, LIGHT EQUIPMENT GARAGE, QUARTERMASTER CORPS

Mr. FULTON. Mr. Pirtle, were you connected with the Light Equipment Garage of the office of the Quartermaster in the Wolf Creek project?

Mr. PIRTLE. Yes, sir.

Mr. FULTON. Would you tell us generally your duties there?

Mr. PIRTLE. Inspector of light equipment, mechanical work.

Mr. FULTON. And as such an inspector, did you have occasion to note the manner in which parts were ordered?

Mr. PIRTLE. Yes, sir. I approved the orders for the parts needed.

Mr. FULTON. What did you note concerning the parts orders, with

particular reference to the use of companies from which the largest discount could be obtained?

Mr. PIRTLE. Well, the contractor made the requisitions and I approved the orders for what necessary parts were needed, and it wasn't my place to say whom to buy from. I merely suggested.

Mr. FULTON. I understand that it wasn't part of your business to say whom they should be bought from, and I was simply asking you from your own experience where they were purchased from and whether they were purchased from the companies supplying them at the largest discount or companies supplying them at a lesser discount.

Mr. PIRTLE. Well, they were purchased from companies giving the largest discounts only on special occasions when certain parts were needed that couldn't be gotten from those places without buying them at other places at a little higher price in order to keep the equipment rolling.

Mr. FULTON. If I understand you correctly, your testimony is that instead of buying them at the highest prices only where they could get them immediately and get benefit out of it, they bought them at the low prices only when they couldn't get them at the high prices; is that what you said?

Mr. PIRTLE. No, sir. They bought them—I mean the highest discount; you got me wrong there—only when a piece of equipment was broke down and they had to get it at the nearest available place.

Mr. FULTON. I still don't quite understand it. Use an example. When would they buy them from these warehouses that have been set up, and when would they buy them from the Hull-Dobbs, for example, or the Mills-Morris Co.?

Mr. PIRTLE. Well, we bought everything everywhere we could get the most discount, wherever the greatest discount could be gotten.

Mr. FULTON. Then you mean you bought everything from the Hull-Dobbs Co.?

Mr. PIRTLE. No, sir; not everything.

Mr. FULTON. That was the greatest discount.

Mr. PIRTLE. Not everything.

Mr. FULTON. And on what occasions did they buy from people other than Hull-Dobbs?

Mr. PIRTLE. When they had equipment broken down and it needed to be in service, we were forced to buy it from other places at a little higher price in order to get the equipment going.

Mr. FULTON. What was your observation as to the proportions of those purchases; I mean when did they find that it was broken down—was that in most instances or few instances, or what?

Mr. PIRTLE. Well, a few; not a great many.

Mr. FULTON. So that you think they bought most of the material from Hull-Dobbs?

Mr. PIRTLE. No, sir; only Ford parts.

Mr. FULTON. I mean with respect to Ford parts—they bought most of the Ford parts from Hull-Dobbs?

Mr. PIRTLE. Well, they only have been buying them from Hull-Dobbs; they haven't been buying from Hull-Dobbs only for, I will say, a few months. I don't recall just how many months.

The CHAIRMAN. Previous to that time, from whom did they buy?

Mr. PIRTLE. Well, from a Ford dealer in Nashville—the George Cole Motor Co.

Mr. FULTON. Now, with respect to Mills-Morris?

Mr. PIRTLE. We bought some few parts from Mills-Morris.

Mr. FULTON. How would that compare with the parts you bought at higher prices from other people?

Mr. PIRTLE. Well, we never did have a blanket order from Mills-Morris?

Mr. FULTON. The committee has a copy of a letter from Mills-Morris offering to establish a blanket depot there if they were given a blanket order, but you say they were never given one?

Mr. PIRTLE. Not to my knowing; no, sir.

Mr. FULTON. That, of course, was our information. Was that the reason that a lesser quantity was purchased from them?

Mr. PIRTLE. Yes, sir; to the best of my knowledge.

Mr. FULTON. And the balance was purchased locally. Do you know anything about the prices at which they were purchased as compared with the prices that were quoted by Mills-Morris?

Mr. PIRTLE. Yes, sir. We could have gotten stuff, I say, a number of parts, for less from Mills-Morris than they got them at other places, if we had had an order set up with them.

EQUIPMENT GARAGE—REPAIR CHARGES AND OPERATING COSTS

Mr. FULTON. I see. Now, as I understand it, you are still employed in charge of Light Equipment Garage, and in that connection you have inspected the repairs that were made?

Mr. PIRTLE. Yes, sir.

Mr. FULTON. That is probably a rather unpopular job in the sense that it is your duty to criticize where repairs that are unnecessary are being made, and I suppose that in that connection you had to check on the work that is being done in the garage; is that true?

Mr. PIRTLE. Yes, sir; I have checked on all of it possible.

Mr. FULTON. Would you tell us the conditions that you found to exist in the garage?

Mr. PIRTLE. Well, the greatest thing I ever found in the light-equipment garage was the overstaff of labor that causes the expense to run higher than anything else.

Mr. FULTON. Will you tell us what you mean by that, how many men approximately there were, and the type of work they had to do?

Mr. PIRTLE. Well, of course, sometimes there were more men than there were at other times. There was an average somewhere between 165 and 200 men at all times at the garage.

Mr. FULTON. Just to repair the equipment?

Mr. PIRTLE. I couldn't be positive; I don't have the exact number, only on a certain date, about September 10—I will say there were 187 men employed, including mechanics and mechanic helpers.

Mr. FULTON. And that is the light-equipment garage only?

Mr. PIRTLE. Yes, sir.

Mr. FULTON. There is also a heavy equipment garage which is separate?

Mr. PIRTLE. Yes, sir.

Mr. FULTON. Now, would you tell us how those men were organized, say, in several shifts and under foremen, and so on?

Mr. PIRTLE. Yes, sir. There were three shifts.

Mr. FULTON. And how many men would be employed in a shift? Are they roughly equal shifts?

Mr. PIRTLE. Somewhere, we will say, from 20 to 25 mechanics and helpers—on an average of that; sometimes probably they used 30 mechanics and 30 helpers, and on other shifts there would be smaller numbers.

Mr. FULTON. Did they have work enough to keep that number of men working efficiently?

Mr. PIRTLE. Sometimes, some days they did, but on the average they didn't.

Mr. FULTON. Will you describe some typical cases that you found out there? First, Mr. Pirtle, at the request of the committee's investigator, I think you and he picked a day out of a hat and checked on that particular day to see what the cost of doing work in that garage was: isn't that true?

Mr. PIRTLE. Yes, sir; as well as I remember. I don't know—I got a daily report from the garage of parts, labor and total cost, see.

Mr. FULTON. And you picked a day—I think it was June 21.

Mr. PIRTLE. I wouldn't say we picked a day. We reached in the file and pulled out a sheet and it happened to be about June 21: yes, sir.

Mr. FULTON. And you did that with the idea of getting a particular day without selecting either the worst or the best.

(The analysis of repair charges referred to was marked "Exhibit No. 158" and is included in the appendix on p. 3284.)

Mr. PIRTLE. We didn't select any certain day: no, sir.

Mr. FULTON. When you picked that out, what did you find then in connection with that garage and the cost of doing work in it?

Mr. PIRTLE. Well, just offhand. I might give some few things there. I remember hours they had charged up to various things, such as installing fire extinguishers, removing and replacing generators, tuning motors, and such as that.

Mr. FULTON. I noticed, for example, on that day there was a fire extinguisher installed on truck No. 2010, with a labor cost of \$3.

Mr. PIRTLE. I have known it to go as high as \$6.

Mr. FULTON. How much time would it take to install a fire extinguisher?

Mr. PIRTLE. I should say it should average 30 minutes, we will say. It should be about that.

Mr. FULTON. And here right on the same day there was a fire extinguisher installed on truck No. 2012 taking 6 hours, with a labor cost of \$6. Another one you checked on was vehicle No. 2100, installing rings—parts, \$3.66, requiring 48½ hours, a labor cost of \$53.88. How much would you estimate the labor cost on such an article properly to be?

Mr. PIRTLE. Well, I would say \$25 would be the average labor on installing rings.

Senator BREWSTER. What is installing a fire extinguisher? What does that mean?

Mr. PIRTLE. To the best of my knowledge, it is about three screws in a little bracket that is bolted somewhere on the door or under-

neath a cowl, or various places they may be installed; three stove bolts, and then the extinguisher snaps into it.

Mr. FULTON. That took 6 hours?

Mr. PIRTLE. That is their report. They make that report themselves as their daily official report, and they give me a copy of it; that is their own report. I don't make the report. That is the shop report made by—

The CHAIRMAN (interposing). The Government was billed with these expenses on the strength of that report; is that true?

Mr. PIRTLE. Yes, sir; it is. That is the report that the records are posted from.

Mr. FULTON. Here is a 3½-hour labor charge for repairing a tire, and one vehicle listed three consecutive times on the same day—once for lubrication which took an hour. How long would it take to lubricate such a car?

Mr. PIRTLE. Well, with the greasing system they have and the amount of men, it usually takes anywhere from, I would say, 10 minutes.

Mr. FULTON. It was washed twice on the same day and took 2 hours for each wash job. How long would it take to wash such a car?

Mr. PIRTLE. You mean from the time they start on it until they get through with it?

Mr. FULTON. Yes.

Mr. PIRTLE. Oh, 30 minutes. That would be about as long as it ever takes to do a wash job.

Mr. FULTON. Here is another one where it took an hour to put in 5 quarts of oil, and here is 41 hours to repair a missing motor listed four consecutive times on the same day. Is there any explanation that you could give as to that?

Mr. PIRTLE. No, sir; I couldn't explain that exactly. That is their report that they make themselves of the way they list the men's time and what they are working on.

Mr. FULTON. Here is 12 hours to repair a carburetor, with labor and parts, \$18.64, and I think you found—

Mr. PIRTLE (interposing). New ones could have been purchased for about \$9.

Mr. FULTON. So it cost twice as much to repair the old one as it would to get a new one.

Mr. PIRTLE. I remember some of those.

Mr. FULTON. Here is repairing of tire, 4½ hours. That includes the cost of a new tire, so it is evidently putting on a new tire. How long would it take to put on a new tire?

Mr. PIRTLE. Well, that all depends on whether it was a truck tire or a passenger-car tire.

Mr. FULTON. It is an \$11 tire, so it couldn't be a very big truck.

Mr. PIRTLE. On some of them sometimes it takes longer than it does on others. I would say an hour, to be safe. Sometimes it could be done in 30 minutes, but that is an average.

Mr. FULTON. As against 4½ hours. And 9½ hours to repair a self-starter. Do you regard that as a reasonable amount of time?

Mr. PIRTLE. Nine hours on a starter?

Mr. FULTON. Yes.

Mr. PIRTLE. No, sir; I wouldn't.

Mr. FULTON. How long would you say it ought to have taken as a maximum?

Mr. PIRTLE. I have repaired some of them in 30 minutes and I have worked on them for 2½ hours on passenger cars or on a light truck.

Mr. FULTON. Then on that same day some of these vehicles were in for three or four different things on separate charges. How does it happen that they come in so frequently?

Mr. PIRTLE. That could be possible. Possibly they were in for motor tune-up this morning and maybe something goes wrong with the brakes this afternoon or they break a spring. That would be entirely possible, for it to be in three or four times a day. That wouldn't be impossible.

Mr. FULTON. It would seem a little difficult to have its valves ground and brakes adjusted at one time and then to be in again on another somewhat similar job for a drive shaft at a later time in the same day. It seems to take most of the day to do one of them. Did you find occasions when the same vehicle was brought into the garage several times during the day for—

Mr. PIRTLE (interposing). Yes; I saw the same vehicle brought in the garage as many as two and three times the same day.

Mr. FULTON. What were your observations with respect to this?

Mr. PIRTLE. Well, on some occasions that is nothing out of the ordinary. You can't tell when something is going to tear you up. You might repair one end of it this morning, and something could break in 30 minutes after it got out of the shop.

Mr. FULTON. And there were several other items of an hour each for putting in oil. I mean, those weren't the rare occasions; they were things that happened frequently, were they not—charges of an hour for putting in 5 quarts of oil?

Mr. PIRTLE. I noticed it on several daily reports; yes, sir.

Mr. FULTON. It was a daily occurrence?

Mr. PIRTLE. Yes, sir.

Mr. FULTON. Are these examples that were found by checking this one day picked out of the whole group arbitrarily; the type of thing you found happening day after day, week after week?

Mr. PIRTLE. Well, there are several days—oh. I will say a number of times compared to that. This is just one day; one particular day. I think you could find dozens or more days to compare with that if you go back through the files, but I didn't go all the way through them.

Mr. FULTON. Now that day, the charge was \$1,300 for labor in that garage, and that was for servicing in some way or another approximately 300 vehicles, over 100 of which simply received a wash job. You say that is more or less typical of dozens of other days?

Mr. PIRTLE. Yes, sir.

Mr. FULTON. On the 16th of June you rendered a report with respect to the conditions you found in the garage to Mr. Bouck, did you not?

Mr. PIRTLE. I did, sir.

Mr. FULTON. Is this a copy of the report?

Mr. PIRTLE. That is right, sir.

Mr. FULTON. The report can be inserted in the record.

The CHAIRMAN. I think this report is worth reading. [Reading Exhibit No. 159:]

JUNE 16, 1941.

To: Mr. A. W. Bouck.

From: L. E. Pirtle.

I am writing you in regard to conditions here at the Light Equipment Garage. I have been inspector here since April 8, 1941, and I have noticed considerable change in the superintendent, shop foreman, and other officials of the Ferguson-Oman Co. in the past month. They try to spend every dollar they can for parts whether the equipment needs it or not; they want to put new gears in rear end when they only need adjusting. Last week they put new valves in a motor when the valves only needed refacing, and they have the necessary machine to reface and reseal valves instead of putting in new ones.

They want to put in new spark plugs when all they needed is cleaning. They also have a new spark-plug cleaner which they will not use unless I am there to see that they do.

They also try to see how long they can keep a truck tied up in the shop for repair. They have an International truck No. B 2336 which has been in the shop 4 or 5 weeks for repair; about 3 weeks ago an order was made out for all parts needed to put this unit to work, so they said. Now after 3 weeks they find they need a starting motor and several other things. This unit should have been disassembled and inspected and all necessary parts ordered at one time.

I have told them all more than once that I will gladly go over any unit with them and inspect and O. K. any parts needed in order to keep the equipment in service, but they try to avoid me seeing as much work as possible. The garage assistant superintendent refused me seeing the shop card file to get information I needed on a certain unit, Monday, June 16.

I have made reports to John Taylor, superintendent of transportation, on several trucks that have been wrecked in different ways due to carelessness and all reports have been ignored.

It seems to me that all Ferguson-Oman officials and employees are organized to abuse, destroy, and delay the defense work as much as possible and cost the Government every dollar they can.

For instance, about 2 weeks ago Mr. Stanfield, Mr. Jessup, and I asked Mr. Walker, connected with the water department, just how he wrecked his pick-up truck No. A 2246, which cost about \$100 to repair. His reply was, "I don't know what damn business it is to the C. Q. M."

I personally think necessary steps should be taken to avoid the unnecessary expense to the Government.

Respectfully yours,

L. E. PIRTLE.

(The report referred to was marked "Exhibit No. 159" and appears in full in the text above.)

Mr. FULTON. Mr. Pirtle, did you ever make any surprise appearance at the garage?

Mr. PIRTLE. I have; yes, sir.

Mr. FULTON. Would you tell us what you found at such times?

Mr. PIRTLE. Well, I couldn't give you the exact date, but I would say some months ago, I went out one night at about 8:30 or 9 o'clock and couldn't find anybody in the shop at all, with the house full of work. I walked around to the back, and they were sitting in the automobiles and trucks listening to the radios. I looked up the shop foreman and he was up in the office. I asked him where he had all of his men, what the idea was.

Mr. FULTON. What was he doing in the office?

Mr. PIRTLE. Well, he was sitting in the office—I don't know—working on some cards or something. I couldn't say exactly what he was doing. The only thing he gave me was that it was lunch time.

Mr. FULTON. That is why they weren't working?

Mr. PURTLE. I don't know what hour they were supposed to eat, or anything.

Mr. FULTON. What time of day was it?

Mr. PURTLE. Eighty-thirty or a quarter to 9 p. m.

Mr. FULTON. At night?

Mr. PURTLE. Yes, sir.

Mr. FULTON. And what shift was that, the night shift?

Mr. PURTLE. That is the second shift, I believe it is called.

Mr. FULTON. When does it go to work?

Mr. PURTLE. It goes to work at 4, until 12. It did at that time.

Mr. FULTON. And did you make any other check-ups, or was it difficult for you to make check-ups?

Mr. PURTLE. Well, nothing especially that I can recall right now.

Mr. FULTON. How do you go there when you go to make the check?

Mr. PURTLE. How do I go?

Mr. FULTON. How do you get to the garage?

Mr. PURTLE. I usually go in my own personal car.

Mr. FULTON. And, afterward, did you have any discussions concerning this matter with anyone?

Mr. PURTLE. Well, as well as I remember, I took it up with the superintendent in the shop and told him what I found. I told him I thought something should be done about it; they all shouldn't take lunch at the same time, anyway. I found that he did correct the matter.

Mr. FULTON. With respect to that June 16 report, that report was made some months ago, was it not?

Mr. PURTLE. Yes, sir.

Mr. FULTON. Were those practices changed?

Mr. PURTLE. Yes, sir; they have changed considerably since then. I would say 100 percent now, to compare with what they were then.

Mr. FULTON. And about when was that change instituted?

Mr. PURTLE. Well, it was changed—everything has been going along better, I would say since July, shortly afterward.

Mr. FULTON. And you haven't had anyone telling you that it is none of your business whether a repair is made or not any more, is that right?

Mr. PURTLE. No, sir; I haven't.

Mr. FULTON. Are you having any difficulties now?

Mr. PURTLE. No, sir; none to speak of.

Senator BREWSTER. You still do not consider that the situation has been efficiently run, from what you have testified.

Mr. PURTLE. Well, just as I said before, the overstaff of labor has been the greatest expense for the last few months that I can recall.

Senator BREWSTER. That situation has not been corrected?

Mr. PURTLE. It has been corrected some since I made recommendations to my superior. He sent a letter through on it, and it was corrected some.

Mr. FULTON. Did you make any estimate of the savings that could be effected by cutting down labor?

Mr. PURTLE. Yes; I did.

Mr. FULTON. How much was that?

Mr. PIRTLE. Well, I would have to figure it out; but at any rate I figured at the time there were 187 men employed, my recommendations were that work could be handled sufficiently with 126, making a total reduction of 52 men, and the mechanics always draw \$65 a week. I believe at that time the helpers were making about \$39. It seemed like we figured it out about—I don't know, I will say somewhere around fifteen or sixteen thousand dollars a month saving, I believe. I am not positive about that now, exactly.

Mr. FULTON. But the saving would be by eliminating about fifty-odd men out of 180?

Mr. PIRTLE. Yes, sir.

Mr. FULTON. Without in your opinion affecting the quality of the work at all?

Mr. PIRTLE. Well, to show you that it was overstaffed, there were about 30 or 32 or 33 men laid off and the work still went on as efficiently as it has always been.

The CHAIRMAN. According to that report, that efficiency wasn't very great in any case.

Mr. PIRTLE. The work has been handled just the same with 30 less than it was before.

The CHAIRMAN. That is all, Mr. Pirtle.

Lieutenant Pennington, will you take stand for a moment?

TESTIMONY OF LT. RICHARD L. PENNINGTON, ORDNANCE DEPARTMENT, UNITED STATES ARMY, WOLF CREEK ORDNANCE PLANT, MILAN, TENN.—Resumed

Senator BREWSTER. Lieutenant Pennington, you testified and were sworn yesterday, were you not?

Lieutenant PENNINGTON. Yes, sir; I was.

Senator BREWSTER. As to whether or not you were labor and public relations officer on this job.

Lieutenant PENNINGTON. I was, yes, sir. I still am, that is right.

Senator BREWSTER. And what period?

Lieutenant PENNINGTON. From the beginning in February until sometime in May.

Senator BREWSTER. And you were out for a short time then?

Lieutenant PENNINGTON. Yes, sir; I was in the hospital.

Senator BREWSTER. For how long?

Lieutenant PENNINGTON. For about 2 weeks.

Senator BREWSTER. Yes. And then you resumed your activities?

Lieutenant PENNINGTON. I wasn't appointed labor relations officer again until a month or so afterward.

Senator BREWSTER. That would be sometime in July?

Lieutenant PENNINGTON. Or August. I don't remember the exact date.

Senator BREWSTER. But with the exception of a portion of May, June, and possibly July, you were labor-relations officer as well as public-relations officer on this job from February to the present time?

Lieutenant PENNINGTON. Yes, sir.

Senator BREWSTER. So that during the latter part of August and September, you were the labor relations officer on this job?

Lieutenant PENNINGTON. Yes, sir.

Senator BREWSTER. And did you receive the instructions communicated from Washington to ease off on the investigation of the labor difficulties?

Lieutenant PENNINGTON. I received a copy of a telephone conversation you read.

Senator BREWSTER. You did?

Lieutenant PENNINGTON. Yes, sir.

Senator BREWSTER. That is all.

The CHAIRMAN. That is all, Lieutenant.

Mr. McCarthy, do you solemnly swear to tell the truth, the whole truth and nothing but the truth in your testimony before this committee, so help you God?

Mr. McCARTHY. I do.

The CHAIRMAN. Take your seat, Mr. McCarthy, and give the reporter your name and connections.

TESTIMONY OF J. F. McCARTHY, SUPERVISING AUDITOR OF TOOLS AND EQUIPMENT, QUARTERMASTER CORPS, WOLF CREEK ORDNANCE PLANT, MILAN ORDNANCE DEPOT, MILAN, TENN.

IDLE EQUIPMENT

Mr. McCARTHY. Joseph Francis McCarthy, supervising auditor of equipment, Wolf Creek Ordnance Plant, Milan, Tenn.

Mr. FULTON. Mr. McCarthy, I understand you were the chief of the equipment section of the office of the constructing quartermaster.

Mr. McCARTHY. That is right.

Mr. FULTON. Will you tell us what your duties were?

Mr. McCARTHY. Inspect all tools brought onto the work site, inspect all equipment and see that it was in workable condition, and to act as and to see that all repair parts and replacements to any piece of equipment were in order.

Mr. FULTON. And will you tell us when you started your work and the problems which you encountered?

Mr. McCARTHY. I left Washington on June 30 to come down here to take over as chief tool equipment inspector of the Milan ordnance. Upon arriving here, on the 3d of July at 1:20 in the afternoon, I was informed that the Milan ordnance was combined with the Wolf Creek ordnance plant, and there was no job here for me. I was told to hang around 3 days by a general representative, and to go out in the field and make various inspections and to report what I found. I have toured the field on various occasions for 3 or 4 days, 5 days, practically, and I found that a lot of the equipment was lying idle. I found on various occasions that equipment was being neglected by the operators, and I reported that to my superior officer, Mr. Otterbein.

On July 9 I received a directive from Mr. Otterbein's office to take over the duties of the chief tool and equipment inspector. I also found a lot of petty animosity around the project created by somebody in the past amongst the contractor's personnel and the C. Q. M. personnel.

I asked to be relieved of duty immediately and sent back to Washington, and the gentleman from the zone asked me to stay on and try to do the best I could. I stayed on and as I made recommenda-

tions at various times, I was up against a stone wall. I made a recommendation that all the idle equipment be released immediately, due to the fact that there was no use for it here, that other projects would have use for it. I submitted a report to the C. Q. M. for the month of July—I believe it was July or June, either one of the two months—showing about ninety-some-odd pieces of heavy equipment lying idle in the field 100 percent of the time.

Mr. FULTON. Is that a copy of this report?

Mr. McCARTHY. Yes, sir. After I submitted that report, I received a letter back, signed by Mr. Atkin, to the constructing quartermaster, giving reasons why the above equipment was idle—either down for repairs or being held in reserve.

(The report referred to was marked "Exhibit No. 160" and is included in the appendix on p. 3286.)

Mr. FULTON. Now, this report shows a great many items listed here as being idle 100 percent of the time.

Mr. McCARTHY. That is correct.

Senator BREWSTER. That is what he has testified to.

Mr. McCARTHY. Fifty percent to 100 percent of the time, that report shows. It picks up anything beyond 50 percent.

Mr. FULTON. But there is item after item of 100 percent; others of 98 and 99.

Mr. McCARTHY. That is right.

Mr. FULTON. And very few of them in this particular list, which is three pages long, which would be as little as under 70 percent?

Mr. McCARTHY. That is right.

The CHAIRMAN. The Government was paying rental on that equipment all the time?

Mr. McCARTHY. That is right.

Mr. FULTON. Tractor after tractor, bulldozers, power units, drag-lines, sheep's foot rollers, spreaders, air compressors, pile drivers, clam-shell buckets, dump buckets, floor sanders, air compressors, pipe threaders, tanks, flat tires, trailers, scrapers, tractor wagons, blower wagons, vibrators, batch blenders, feeder tanks, transfer pumps, even a tire kettle.

Mr. McCARTHY. That is right.

Senator BREWSTER. Does that list show what the rental was on that equipment?

Mr. FULTON. No; not on this particular list.

The CHAIRMAN. Have you the rental charges against these?

Mr. McCARTHY. I haven't the complete charges, but I have the monthly rental on any piece of equipment since they started the projects.

Mr. FULTON. Could you give us some idea of a few of these items as to what rents the Government was paying?

Mr. McCARTHY. Have you the specific numbers there?

Senator BREWSTER. Take a Caterpillar tractor, No. 5, RD-8.

Mr. McCARTHY. That draws \$770 a month rent on a 24-hour basis. That is a 720-hour basis.

Senator BREWSTER. Take a bulldozer, LaPlante Choate No. 100.

Mr. McCARTHY. No. 100 of the LaPlante Choate bulldozer which comes as a piece with No. 9 bulldozers and 103 power unit—the three pieces rented as one unit, that is a No. 9 tractor, at the rate of \$260

a month, which is a third-party white-sheet rental equipment. That is Oman Construction Co. equipment.

Mr. FULTON. That is the contractor's own equipment that was idle?

Mr. McCARTHY. That is right.

Senator BREWSTER. What about the rate of return on power unit 297?

Mr. McCARTHY. Power unit 297—that was rented with a unit No. 1038 which is a pan; the monthly rental on that was \$525 a month with the power unit and pan as one unit. You see, some of these units—a blade called a bulldozer blade or an angle bulldozer blade comes with a tractor and they generally have a hydraulic unit attached to that individual unit, and they are rented as one unit. On this job when I arrived I found that these individual pieces were held and accounted for on direct accountability records of one individual unit each as an individual unit, which is not the case. They are rented at various times. We do have some power units under rental alone and we do have this many blades under rental on individual contracts, but most of the power units, most of the angle blades, and most of the bulldozer blades are a part of some tractor and they have been numbered 1 to 100 series for the tractors, and 100 series on up to 999 as the blades, and 200 up to 299 as the power units. When we get up above the sequence of the 100 to 199, we go to a one-series for tractors and a 100 for the blades, and using alphabetical series to show it.

The CHAIRMAN. Mr. Harrison, will you come over here?

Do you solemnly swear to tell the truth, the whole truth and nothing but the truth in your testimony before this committee, so help you God?

Mr. HARRISON. I do.

The CHAIRMAN. Mr. Harrison, first give your name and connections.

Mr. HARRISON. Philip W. Harrison.

Mr. FULTON. And you were connected with the tool and equipment section of the office of the constructing quartermaster?

Mr. HARRISON. Yes, sir.

TESTIMONY OF PHILIP W. HARRISON, TRANSPORTATION INSPECTOR, QUARTERMASTER CORPS, WOLF CREEK ORDNANCE PLANT, MILAN, TENN.

The CHAIRMAN. Mr. Harrison, I understand that you have pictures of this equipment that you would like to display to the committee.

Go ahead and present your pictures.

Mr. HARRISON. This photograph is of a caterpillar tractor, D-7, No. 71, found idle, parked in the woods approximately 100 yards off the highway.¹

These three have been on what they call the hill behind the heavy equipment; they have been idle for 3 months or were until the time they were transferred off the projects.

Senator BREWSTER. Idle for 3 months, you say?

Mr. HARRISON. Yes, sir.

¹ See appendix, p. 3289.

The CHAIRMAN. This tractor here was parked in the woods out of sight?

Mr. HARRISON. Yes, sir.

The CHAIRMAN. And the Government was still paying rent on it?

Mr. HARRISON. I happened to run across it in the woods, and we took a photograph of it.

The CHAIRMAN. These three tractors were idle 3 months and the Government still paid rent on them?

Mr. HARRISON. Yes, sir.

This is a ditching machine which had been received on the reservation; at the time we took the photograph, it had not worked any at all.¹ It was brand new and had been ordered onto the reservation.

Senator BREWSTER. Do you know how long it had been there?

Mr. HARRISON. I understand it had been there approximately 3 weeks.

The CHAIRMAN. Do you have the figures on the rental that the Government paid on all this equipment?

Mr. HARRISON. Yes, sir; the full record is on the back, and that was taken from the tool and equipment division of the C. Q. M.

This next picture is a Rome pull grader.²

The CHAIRMAN. What was that last picture, a ditch digger?

Mr. HARRISON. A ditch digger; yes, sir.

The CHAIRMAN. The value of that is \$5,585, and the rent was \$650 a month on that; and you say that was idle for how long?

Mr. HARRISON. It was idle for 2 weeks before they went to work, and we took a photograph of it at that time, just before it went to work. It was brand new equipment that had just been received.

Now, this next item is the Rome pull grader; that was idle about 90 percent of the time. There was one wheel missing from it when we found it and took a photograph of it.

The CHAIRMAN. How long did you say this thing was idle?

Mr. HARRISON. Approximately 90 percent of the time.

The CHAIRMAN. And it rented to the Government for \$55 a month? It had a wheel off it already; I guess that is the reason it was idle, but the Government still paid the rent. And they had 50 idle men in the garage that could have fixed that wheel if they got it over there.

Mr. HARRISON. This is a Smith wagon that was down for repairs, and was also idle before it went down for repairs.³

The CHAIRMAN. What is this?

Mr. HARRISON. That is a Smith wagon.

The CHAIRMAN. A Smith wagon—we paid \$285 a month for that, valued to the Government at \$1,575 for recapture purposes. How long did you say that was idle?

Mr. HARRISON. That was down about 90 days.

The CHAIRMAN. Ninety days; that is 3 months, at \$285 a month.

Mr. HARRISON. This caterpillar tractor No. A-29 was idle 90 percent of the time it was on the job.⁴ You will note the grass.

The CHAIRMAN. It ran 90 percent of the time or was idle 90 percent of the time?

Mr. HARRISON. It was idle 90 percent of the time.

¹ See appendix, p. 3291.

² Ibid, p. 3293.

³ Ibid, p. 3295.

⁴ Ibid, p. 3297.

The CHAIRMAN. That is grass growing through the cleats here, isn't it? It cost the Government for recapture purposes—

Senator BREWSTER (interposing). No. That is what it actually cost the Government, \$4,050.

Mr. HARRISON. Yes, sir.

Mr. McCARTHY. That is the contract values. That is the contract values that we set up in case the Government cares to recapture.

Senator BREWSTER. Well, you have the value, \$4,000, then you have the cost to the Government, \$4,050. How do you distinguish the two figures?

Mr. McCARTHY. I don't know about that.

Mr. HARRISON. That total cost to the Government, the last item at the bottom of the page, that is the recapture price. In other words, you have the contract value of the piece of equipment plus 1 percent.

Senator BREWSTER. Oh, that is the way it is?

Mr. HARRISON. Yes, sir.

Senator BREWSTER. But you are paying a rental of \$500 a month on that, according to this figure here.

Mr. HARRISON. Yes, sir.

Senator BREWSTER. \$500 a month. Do you know how long they paid rent on it?

Mr. HARRISON. I could look at that and tell you, sir.

Senator BREWSTER. Does this show it? I see.

Mr. HARRISON. I think that was recaptured by the Government and they paid it on out.

Mr. McCARTHY. What number is that?

Mr. HARRISON. A-29.

The CHAIRMAN. Paid \$500 a month rent and recaptured October 31. The Government kept on paying rent and let the grass grow through the cleats.

What is the next one?

Mr. HARRISON. This No. 1725 is a light plant, generating electricity.¹ It was received in a used condition and it had remained idle about 90 percent of the time.

Senator BREWSTER. The rental on that was \$175 a month.

The CHAIRMAN. The Government paid \$1,872.50 and recaptured it—I guess that is one method of selling cheap equipment to the Government at a high price. Proceed.

Mr. HARRISON. This picture is of two tank cars which rented, as I understand, from the I. C. Railroad Co., of Chicago, valued at \$5,000, and they were released on September 5, 1941.² These tank cars remained idle the entire time from the date of rental until they were released, with the exception of 48 hours. They worked 48 hours.

Senator BREWSTER. For how long was it that you had them?

Mr. HARRISON. Rent started on June 21, 1941, and they were released on September 5, 1941.

Senator BREWSTER. Three months.

The CHAIRMAN. And they were used for 48 hours.

Senator BREWSTER. Rental, \$50 a month.

Mr. HARRISON. Unit No. 19 is an emulsion sprayer.³ On that piece of equipment the rent started on May 14. At the time the photo-

¹ See appendix, p. 3299.

² Ibid, p. 3302.

³ Ibid, p. 3304.

graph was made, it had worked approximately 60 hours, and it has been recaptured by the Government.

The CHAIRMAN. Another case where the Government didn't use it.

Mr. HARRISON. And the recapture date on that was March 14.

These Trackson crawler wagons were photographed in a barn in the Milan ordnance depot area.¹ They were under repair at that time but had been idle about 65 percent of the time prior to that.

No. 533 is a Lorraine dragline.² The value of it was \$13,500; rented for \$1,250 per month; the recapture date, October 31. I understand that it has been recaptured. Total cost to the Government, \$14,040. This particular piece of equipment, according to the record on the back, was idle about 80 percent of the time.

The CHAIRMAN. And the Government paid \$14,000 for it?

Mr. HARRISON. Yes, sir. These are duplicates of those others, and these are those Euclid wagons which were rejected.

Mr. FULTON. Do you have any statistics on that 129 angle dozer?

Mr. HARRISON. The 129 angle dozer?

Mr. McCARTHY. I haven't the statistics on it, but it seems that the pictures that we had on that angle dozer have just got up and walked away. We had some pictures that were taken, by the way, for the other investigating committee.

Mr. FULTON. Of the House?

Mr. McCARTHY. The House investigating committee. Mr. Harrison was out with Mr. Shillito and a photographer taking these pictures. There was a set that he had that was supposed to be left with the chief project auditor on the job, and Mr. Robinson had seen them in this office, but it seems as though that particular set of pictures has gone somewhere and nobody knows where they are; so I had to call last night and get these tissue paper copies drawn up and sent to me special delivery to go with these pictures today, and in doing so, my secretary had found the original set of pictures in Lieutenant Pennington's files.

Senator BREWSTER. But everything except this one was missing?

Mr. McCARTHY. I haven't seen that because I was here and they didn't tell me what ones they were, except that set of pictures.

Mr. FULTON. You will furnish that picture, then?

Mr. McCARTHY. That picture was taken at the time these other pictures were photographed.

The CHAIRMAN. These pictures will be used as exhibits by the committee and numbered for the record.

(The photographs referred to were marked "Exhibit No. 161" and appear in the appendix on pp. 3288-3308.)

Senator BREWSTER. Apparently the rental would average around \$25 a day on this equipment, from the figures you have given.

Mr. McCARTHY. On angle dozers?

Senator BREWSTER. No; all of them, the run-of-the-mine.

Mr. McCARTHY. Approximately; some of them between \$22.50 and \$25. Those are the approximate figures offhand.

Senator BREWSTER. There were approximately 100 pieces of equipment that you listed here, weren't there?

Mr. McCARTHY. Yes, sir; a little over that.

¹ See appendix, p. 3306.

² Ibid., p. 3308.

Senator BREWSTER. Which were idle more than half of the time.

Mr. McCARTHY. That is right, more than 50 percent of the time.

Senator BREWSTER. Which would run around \$75,000 a month that the Government was paying for idle equipment.

Mr. McCARTHY. Approximately between forty-five and sixty thousand.

Senator BREWSTER. You are pretty careful in your figures.

Mr. McCARTHY. I don't want to go overboard.

The CHAIRMAN. That is all for the present, Mr. Harrison.

Mr. FULTON. Mr. McCarthy, do you recognize these pictures of a piece of equipment?

Mr. McCARTHY. Yes, sir.

Mr. FULTON. Now, I note that the report indicates that that piece of equipment has been broken down since August 8, 1941, and I show you these papers and ask whether or not that indicates that despite the fact that it was broken down, it was charged to the Government as being in operation.

Mr. McCARTHY. I would like to clarify our rental agreement to this committee, if I may. The Government enters into a rental agreement with an individual party called the third-party agreement, and in that agreement they state approximately the working hours for that piece of equipment being on the site—it generally runs from 600 to 6,000 hours, approximate figures—and they bid that piece of equipment in, supposedly bid it in on a certain rent per month, and they set a certain evaluation according to the replacement cost. The replacement cost of an individual piece of equipment may be, in round figures, \$15,000, and it may be a year old and they may put it in on bid sheets for \$12,500—just approximate figures. And then they will take that and break it down into a monthly rental.

Now, the lessor who owns that piece of equipment is not responsible if the contractor has not enough supervising capacity in the field to keep that operating. He has to get his rent, and in the rental agreement, the Government agrees to pay the lessor his rent regardless of whether it is used or not, that is correct, and I would like to get that over before we go any further here and have no misunderstanding further on in the hearing.

Mr. FULTON. Now you have in addition the question of whether it is operating.

Mr. McCARTHY. That is correct.

Mr. FULTON. And whether the Government is going to be charged with the labor on the operation.

Mr. McCARTHY. That is right. Now this particular piece of equipment, 528, a caterpillar, in this picture here and this report—I don't know the origin of this report, but I do know that on one or two occasions the time department got in touch with me and asked for certain figures on pieces of equipment. I believe this is one of the pieces of equipment where I notified them to the effect that the equipment was down and would be down for several days due to a major repair and that the operators were standing by getting their salaries—the operators and oilers, and in lots of cases the bulldozer operators.

The CHAIRMAN. Did the operators get their take on this idle equipment?

Mr. McCARTHY. This report shows this, sir. I am talking from this report now.

Mr. FULTON. That report was broken down August 8, and yet you have reports there that indicate that they were charging time for labor.

Mr. McCARTHY. According to this statement, yes.

Mr. FULTON. To operate the thing at a time when it couldn't possibly have been operated.

Mr. McCARTHY. That is right.

Mr. FULTON. And that means that instead of just paying rent for a piece of equipment that couldn't be used, that wasn't being used, the Government was also paying the labor charge to operate it when of course it wasn't being operated.

Mr. McCARTHY. At certain times on certain pieces of equipment we have on certain jobs—there may be two or three pieces of equipment on this job that it may enter into where the owner of the piece of equipment requests that his own operator operate that piece of equipment and keep it in shape and be able to work it around while it is being repaired. He knows that piece of equipment and the owner has no intention of losing that under the recapture clause, and thinking they could keep it in better condition by having their own operator there, he may stand by to make sure of that equipment. I don't know that it holds true in this case, but there may be one or two pieces in here under those conditions.

Senator BREWSTER. How many concerns were renting equipment, approximately?

Mr. McCARTHY. Ninety-eight lessors.

Senator BREWSTER. How many big ones?

Mr. McCARTHY. How many big ones?

The largest one we have is the Nashville Motors. I have compiled for the investigating committee prior to this hearing, also, a record showing the contract number, who is the lessor, the amount of equipment he has on the job, the total rentals paid, the total recapture clause, and the total of columns 2 and 3, which is the total recapture clause plus the monthly rental.

The CHAIRMAN. The other committee didn't use that.

Mr. McCARTHY. They had a copy of it. They were the ones that suggested that I get this together.

The CHAIRMAN. We will make this part of the record.

(The compilation referred to was marked "Exhibit No. 162" and is included in the appendix on p. 3308.)

Mr. McCARTHY. From this there are three major rentals.

Senator BREWSTER. Let him testify from the first.

Mr. McCARTHY. There are three big companies here that rent heavy equipment: Choctaw, Averhill, and Dalrymple Equipment Co.

Senator BREWSTER. Are those local companies?

Mr. McCARTHY. Taylor-Hale is a Memphis outfit, I believe. I am not sure of the exact locality of them.

The CHAIRMAN. Taylor-Hale is the same one we were talking about awhile ago that was selling repair parts.

Mr. McCARTHY. That is right.

Senator BREWSTER. Have you the compilation of their total rental arrangement?

Mr. McCARTHY. As of today?

Senator BREWSTER. Well, any date.

Mr. McCARTHY. I can give it to you as of the 22d of September; when I compiled this report, Taylor-Hale had received from the United States Government \$362,394.57 in rent. We had recaptured from the Taylor-Hale Co. \$19,056.06 worth of equipment.

Senator BREWSTER. At that time?

Mr. McCARTHY. At that particular time.

Senator BREWSTER. They still at that time owned the equipment and had their \$360,000?

Mr. McCARTHY. \$362,394.57; yes, sir.

Now, in the case of Choctaw Culvert, their total contract value was \$188,720. They were receiving average monthly rentals of \$76,431.90, and we recaptured from them \$5,638.56 worth of equipment, which gives them a total received from the Government of \$82,070.46 as of September 22. Since then we have received more equipment from Taylor-Hale; I am not sure of Choctaw Culvert. We have received quite a few more items from these people.

Mr. FULTON. Mr. McCarthy, the committee has requested directly from Taylor-Hale a recapitulation of their own ideas as to their equipment, and it shows on that that they valued equipment at \$704,634, that they sent to the Government, which they, themselves, paid only \$565,000 for.

Mr. McCARTHY. The only case I have ever come across from Taylor-Hale—

Mr. FULTON (interposing). Well, I just wished to develop these figures, that in renting the equipment to the Government, they evidently added \$130,000 or more to their cost.

Mr. McCARTHY. Evidently.

Mr. FULTON. When they valued this equipment, because the Government, of course, if it recaptured would recapture at their evaluation.

Mr. McCARTHY. That is right.

Mr. FULTON. Of that \$567,000 that was their cost for this equipment, the Taylor-Hale Co. originally had a lien of \$530,000 against it, so that their investment, their owner's equity in this equipment that they were renting the Government was apparently only \$37,000.

Senator BREWSTER. On which they received rental of \$362,000; was that your figure?

Mr. McCARTHY. You see, we don't pay the rental direct to the lessor in all cases. In cases where there are liens against the equipment we try to get power of attorney via Taylor-Hale to make a statement authorizing the Ferguson-Oman Co. to make payment to the lienor.

Mr. FULTON. To answer your question, Senator Brewster, Taylor-Hale informs us that on that particular equipment they get rentals of \$360,781 from the Government, rentals of approximately 70 percent of their own cost, and that is all until August 31. I assume it would be increased by the amounts thereafter.

Senator BREWSTER. In the handling of recapture, who determines whether or not recapture will be carried out?

Mr. McCARTHY. I make the recommendations of recapture to the constructing quartermaster's office. I make the recommendations for the recaptures to protect the Government's interest. I noticed when

I arrived here that the amount of repairs being put into this equipment was in excess of depreciation of the individual pieces; so in the interest of the Government, I saw fit to make recommendation to recapture to try to hold in check all these repairs that we had put into this equipment so that we, the people, could get the benefit of this.

Senator BREWSTER. Apparently very little was recaptured up until the date of this report. Did that mean that your recommendations were not carried out?

Mr. McCARTHY. Yes, sir; my recommendations so far on every piece of recapture were carried out, but it is a long-drawn-out affair, sir, and you have to go through your records and pull out the pieces that you want to recapture to save more per cents per month, and for various reasons. By the time you compile those reports, it might take 2 or 3 weeks sometimes. Then we make these forms up and send them to the constructing quartermaster, and he in turn, his executive officer, sends it to the zone, and by the time it comes back from the zone with the approval for recapture, then we institute the recapture proceedings.

Senator BREWSTER. Now on September 22 your recaptures were negligible.

Mr. McCARTHY. We had up to that time \$600,000 worth of recaptures to be recaptured the 30th of September which were all consummated and completed up to date. At the present time I am in the process of recapturing approximately \$300,000 worth.

Senator BREWSTER. That will make around \$1,000,000 altogether.

Mr. McCARTHY. I have recaptured everything except the 102 pieces of equipment up to October 31.

Senator BREWSTER. You have been operating on the job about long enough to make large recaptures about due.

Mr. McCARTHY. That is right.

Senator BREWSTER. That doesn't represent a change of policy?

Mr. McCARTHY. No, sir. That recapture clause has been in the contract since I have been with the Government.

Senator BREWSTER. I mean a change of policy as to recapture.

Mr. McCARTHY. No, sir.

Senator BREWSTER. Has it been a matter that you have discussed with any of your superiors at all as to the policy that you should follow?

Mr. McCARTHY. On recapture?

Senator BREWSTER. Yes, sir.

Mr. McCARTHY. No, sir; only I have followed this recapture provision to the best interests of the Government.

Senator BREWSTER. There has been a great deal of concern, and I am interested to know whether it has come to your attention, among the contractors' organization, over the accumulation of vast amounts of construction equipment in the Government. Has that ever come to your attention in any way?

Mr. McCARTHY. Yes; it has in the past month or so.

Senator BREWSTER. Yes; they feel that before long the Government will have all the construction equipment in the country.

Mr. McCARTHY. That is correct, and since then there has been an order come out and it has not been in effect on this particular project.

There will be no recapture clause, but there will be a lower rate of rental and the lessor will get his equipment back.

Senator BREWSTER. When was that order put out?

Mr. McCARTHY. I received that order a few days ago.

The CHAIRMAN. That is the committee's recommendation in your report that you have been testifying about.

Mr. McCARTHY. I think it is construction division 520, but it came out recently. I received a copy a few days ago from the zone.

The CHAIRMAN. At this point, Senator, I want to make this Taylor-Hale report to the committee a part of the record. It is a very interesting document to show how a man can take \$37,000 and borrow \$530,000, and then sell the equipment to the Government at a figure of a profit of \$137,000.¹ I think that ought to be made part of the record of this committee.

(The report referred to was marked "Exhibit No. 163" and is included in the appendix on p. 3311.)

Senator BREWSTER. So that you won't be able, I assume, to change existing rental arrangements.

Mr. McCARTHY. Not without authorization from the Quartermaster General's office via the zone and via the C. Q. M.

Senator BREWSTER. And also with the lessor.

Mr. McCARTHY. That is right.

Senator BREWSTER. So that under this order, you accomplish that as far as possible.

Mr. McCARTHY. On this particular job, it says where it can be accomplished without any injury or upset to the construction of the plant, that it should be taken up.

Senator BREWSTER. It would be difficult, I suppose, where the job is approaching completion.

Mr. McCARTHY. At the present time to try to change our rental equipment agreements to coincide with this new C. D. L. letter, it would be a little job in itself and it would take approximately 2 weeks to change all the contracts and get the authorization from the people who own the equipment.

The CHAIRMAN. The committee will take a recess until 1:30, and Mr. McCarthy will continue at that time.

(Whereupon, at 12:05 p. m., the committee recessed until 1:30 the same day.)

AFTERNOON SESSION

The CHAIRMAN. The committee will come to order.

Mr. McCarthy, I believe we will proceed where we left off. Mr. Fulton.

TESTIMONY OF J. F. McCARTHY, SUPERVISING AUDITOR, TOOLS AND EQUIPMENT, QUARTERMASTER CORPS, WOLF CREEK ORDNANCE PLANT, MILAN ORDNANCE DEPOT, MILAN, TENN.—
Resumed

VALUATION AND REPAIRS OF EQUIPMENT

Mr. FULTON. Mr. McCarthy, will you tell us the total amount of equipment that was on the job—that is, that was rented.

Mr. McCARTHY. Now, at the present date?

¹ Exhibit No. 163, appendix, p. 3311, at p. 3313.

Mr. FULTON. Yes; as of the nearest date you have it.

Mr. McCARTHY. The total amount on the job at one time was 2,398 pieces, including the I. B. M. system, which is approximately 37 pieces, and some Monroe business machines, which did not come under heavy or light equipment. There are 1,303 heavy pieces and approximately, off-hand, 1,100 light pieces of equipment.

Mr. FULTON. What was the total value of that equipment as valued by the renters?

Mr. McCARTHY. The total value of that equipment as of September 22 was \$3,264,421.74. You can add to that figure approximately another \$40,000—forty or fifty thousand dollars. There has been more than that come in, but the approximate figure would be about \$4,000,000—a little over \$4,000,000.

Mr. FULTON. And that does not include, does it, the Government-owned equipment?

Mr. McCARTHY. That is the total contract value of what is on the job. That includes everything that we have a contract value on. Now Government equipment is delivered to the site from other parts of the country and comes in here with a value attached to it for auditing purposes, to know how much money is involved in the equipment, especially if it is transferred on a new rental schedule from another project or transferred over as a Government-owned piece of equipment. We carry a valuation on it so that we don't lose sight of the fact on our ledgers.

(The document referred to was marked "Exhibit No. 164" and is included in the appendix on p. 3319.)

Mr. FULTON. Is that included in that \$3,200,000?

Mr. McCARTHY. In this particular figure here, no.

Mr. FULTON. And do you know how much the Government-owned equipment amounted to?

Mr. McCARTHY. At the present time there are only 102 pieces on rental, and the remainder is Government-owned now as of the 31st of October. We had at one time approximately \$74,000 worth of Government equipment prior to the recapture of these last batches of equipment.

Mr. FULTON. You say approximately \$74,000?

Mr. McCARTHY. Approximately \$74,000 worth.

Mr. FULTON. And that \$3,200,000 was the privately owned?

Mr. McCARTHY. \$3,264,421.74 was the privately owned equipment.

Mr. FULTON. So you have a very negligible percentage of Government-owned equipment on the project?

Mr. McCARTHY. That is right.

The CHAIRMAN. You have more than \$3,000,000 worth of equipment privately owned on the job?

Mr. McCARTHY. Yes, sir.

The CHAIRMAN. Three million—what were the hundred thousands?

Mr. McCARTHY. \$3,264,421.74.

Mr. FULTON. The Oman Construction Co., I believe, had about \$159,510.

Mr. McCARTHY. On the construction at one time without the new additions since September 22, was \$162,285 worth, actual contract value. He received in rentals up to the 22d day of September, \$59,097.74, and one recapture of \$74.20.

Mr. FULTON. At that time there had been only one recapture?

Mr. McCARTHY. I don't know if this represents one individual piece of recapture, but the amount of money recaptured was \$74.20, which gives a total of \$159,174 paid to the Oman Construction Co.

Mr. FULTON. In other words, the rent amounted to a little over a third of the value of the equipment, and the equipment amounted to less than 5 percent of the equipment on the job.

Mr. McCARTHY. That is about right.

Mr. FULTON. Now, I note that the repairs that were put on the equipments that belonged to the Oman Construction Co.—the joint contractors—totaled \$53,413.26.

(The document referred to was marked "Exhibit No. 165" and is included in the appendix on p. 3320.)

Mr. McCARTHY. That is a recapitulation as of the end of September. That does not show a true course up to date.

Mr. FULTON. There would be additions up to date?

Mr. McCARTHY. These figures are Oman's own figures which they sent over to my department every month for the preceding month, a monthly report of operations cost, such as gas, oil, and labor and parts. Now, this figure here, taken from their own reports, which I have with me, is exactly their actual repair and labor on repairs and parts, as it was put on these individual pieces of equipment.

Mr. FULTON. As of their figures?

Mr. McCARTHY. As of their own figures. These are their figures, not mine. We just compile them from their own reports.

Mr. FULTON. Then it appears that they got about thirty-odd percent of the value of the equipment, as rent.

Mr. McCARTHY. Well, that shows about 25 percent as the repair cost, approximately.

Mr. FULTON. It is a little more than that, isn't it? \$53,000 to \$162,000 would be nearer 30 percent.

Mr. McCARTHY. Yes; but since that last report of \$162,000, that went up a little bit, due to the fact that some equipment of theirs was coming in.

Mr. FULTON. They put new equipment on the project lately?

Mr. McCARTHY. They are putting some equipment on the project, and they still had some equipment coming in the other day until a representative from the Zone came down to find out whether or not they needed that equipment. It was four new bulldozers and tractors ordered, which were stopped, as I understand.

Mr. FULTON. As we look over these items of the contractor's own equipment, we note the tremendously high ratio of repairs to the contractor's valuation of that equipment, and a question arises as to whether they weren't undergoing excessive repairs and whether they might not be rebuilding their equipment for themselves at Government expense.

Mr. McCARTHY. That was my contention. I thought they had the same thought in mind when the equipment came in. We were sending inspectors out to inspect this equipment and make our recommendations. While we would make a recommendation, it wasn't followed through as it should have been. We would make a recommendation, and they would come along and say, "Well, the rental is at depreciation value," and that they could get twice as much for the equipment, and at various times I have often said if they thought they could get

better somewhere else, why didn't they ship it there? Still they put it on our project. According to statistics that we have, the Government men might as well not even have been around to inspect this equipment.

Senator BREWSTER. Did the contractor furnish any equipment on this job?

Mr. McCARTHY. Originally?

Senator BREWSTER. At any time?

Mr. McCARTHY. The contractor?

Senator BREWSTER. Yes.

Mr. McCARTHY. Yes; he furnished—without rent, you mean?

Senator BREWSTER. With or without.

Mr. McCARTHY. Why, when he set his contract up, I believe he stipulated in his contract certain amounts of pieces of equipment that he would supply according to his contract—his prime contract. I haven't checked in the matter to find whether or not he had supplied every individual piece that he had set forth in Washington or not. I didn't go into that because I hadn't had a chance to. It was so big I just hadn't enough staff to go into every angle of it.

Senator BREWSTER. What did that approximate in value?

Mr. McCARTHY. I am not sure. I haven't the exact figures on it, sir. I would rather not say.

Mr. FULTON. Take tractors A-47, 48, and 49. Have you any records of those?

Mr. McCARTHY. Yes, sir.

Mr. FULTON. Will you outline the facts concerning those?

Mr. McCARTHY. Yes, sir. Tractor A-47 was received on the site on September 29, 1941, and it did not start to work until October 1, 1941. It was inspected by a Government representative from my office. The story on that particular piece of equipment was that it was received in (I haven't the receiving report) pretty bad run-down condition. I can verify that by getting for the committee in the near future, in a day or two, the receiving report to give you a true picture.

Tractor A-48 arrived at the site 10-13-41 and was not put to work until the 16th, I believe, of October. Inspector's report reads as follows: "This tractor appears fair, right steering brake loose, rails fair, sprockets, tracks, idlers, pins and bushings fair, though show wear. Rear top rollers worn and chipped. Motor sounds fair." Well, on that particular piece of equipment, for the month of October alone, the United States Government had expended \$98.28 for repairs.

The CHAIRMAN. Was that repair done in this efficient repair show that we have been hearing about this morning?

Mr. McCARTHY. Yes, sir; it was done in the heavy equipment barn.

Up to November 14, which was the last time we got any compilations of repairs, there was expended for repairs and for labor and parts, \$126.61 on that piece of equipment. That is on A-48.

Now we come down to an item of a pan, which comes with these pieces of equipment. That is a 12-yard scraper that was received on 9-29. It actually started to work on October 1, which was 2 days later. It had worked 324 hours, had 124 idle hours, and was 32 hours down for repairs, netting the Government \$294.82 for repairs on that scraper. The receiving report on that scraper: "Cutting edge on pan no good. No cushion block. No pusher block. Right front tire fair. Left front tire cut around center. No side cutters

on pans." That has been the practice in the past on this particular job. It was my contention that when a scraper was ordered in, if they wanted side cutters on it, they should have it put on the bid sheet, which they didn't do. When they came in, they would put these side cutters on at a very high rate of expense. It might run two or three hundred dollars; it might run \$60, according to what particular mechanic worked on it.

On another pan scraper, 12-yard, LeTourneau 10-43, which was received on 10-13-41, and went to work on the 16th of October, I believe—yes, it went to work on the 16th of October—here is a report of one of my inspectors: "Scraper pan bent and worn on bottom and sides of bed. Blade worn. Sheave block worn. Top frame blocks and sheave assembly worn out. Needs cable. Yoke cracked at top front. Needs side cutters. Front axle patched and welded. Repaired by garage before receipt. To be used 60 days. Tires replaced by owner, if needed." That was put in there by my inspector. That was the agreement they took it under, that if any tires were needed, they would replace them. They give us the argument that this piece of equipment worked 60 days additional. They took this pan under those conditions.

Mr. FULTON. As I understand it, then, the testimony that you are giving indicates that a great deal of the equipment of which these are specific items, was brought on to the job in very poor condition and repaired at Government expense.

Mr. McCARTHY. Some of it, yes; correct.

Mr. FULTON. And in the case of the contractor, those repairs amounted to \$53,000 on equipment that he valued at only \$160,000.

Mr. McCARTHY. It is, and a little more than that, sir. As I said, this figure of \$162,000 was taken approximately September 22. Some have come in since then, and these repairs are up to the end of September. It does not include October or November, except those items which I had made an endeavor to get repairs on for this hearing.

Mr. FULTON. Now, some of these items seem rather astonishing. Here, for example, is a Lorraine Diesel shovel, which the contractor valued at \$10,500, and repairs on that were \$4,309; and here is a 601 Koehring shovel, valued new at \$2,100, and the repairs amounted to \$4,683, or more than double the value new of the article. And there is item after item here of 30, 40, 50, or 60 percent of the value of the article new.

Mr. MANIER. That is \$21,000, I am told by my client.

Mr. FULTON. Then you have a typographical error in your computation. Were these sheets prepared by your company?

Mr. McCARTHY. I prepared these sheets from your records.

Mr. MANIER. That is \$21,000.

Mr. FULTON. So that particular item would be 25 percent instead of 200 percent, and even that is a rather large amount of repairs, but there are items here of over 50 percent of the value new.

From that, Mr. McCarthy, did you reach the conclusion that this equipment was in the proper condition at the time that it was submitted to the Government for rental?

Mr. McCARTHY. No, sir; I have been fighting tooth and nail there for 2½ months with various people, telling them that the only time we will accept the equipment is when it is in workable condition. My

department has been making recommendations to the C. Q. M., and we have been finding a stumbling block along the way.

Mr. FULTON. Did you have any trouble getting adequate information concerning the equipment when you started your work in getting records that would be sufficiently informative?

Mr. McCARTHY. I asked for bid sheets on every piece of equipment that arrived on the site, and I was told I couldn't have them.

Mr. FULTON. Who told you that?

Mr. McCARTHY. I was told that by Mr. Ralls.

Mr. FULTON. And he is——

Mr. McCARTHY. He is assistant purchasing agent, working in Mr. Quin Flowers' office.

Mr. FULTON. And Mr. Quin Flowers was a representative of whom?

Mr. McCARTHY. Of Ferguson-Oman contractors.

Mr. FULTON. What did you do when they told you you couldn't have them?

Mr. McCARTHY. I called Captain Kibler and asked if I couldn't get those. He said yes, that he would take care of it and get them for me. I got most of them except the ones way out in the beginning of the job.

Mr. FULTON. Was there a clause in the contract under which these articles of equipment were rented, providing for inspection and rejection within a certain limited period of time?

Mr. McCARTHY. The original contracts on this particular job were set up under the old contract, that the War Department did not make any minor or major repairs. When I arrived at the job site here and picked up one of the old contracts and read it and saw that there had been a page entered into this old contract, making it read as a new contract which the War Department had issued as of May of 1941, and these old contracts were revised to meet this new contract, I asked the question, "Who gave the authority?" and I have asked the question to Colonel Perry, from the Inspector General's office. He was there about 2 days after I took over. He said he would follow it through for me. I haven't seen any correspondence giving the authorization to change that contract from anywhere, not even from the zone or from Washington, and I have questioned that right up until a week ago, when I asked the same question. Colonel Perry was back, and he said he was still delving into it.

The CHAIRMAN. You haven't the information yet?

Mr. McCARTHY. No, sir; I have never seen any correspondence on it.

Mr. FULTON. Someone did change that contract.

Mr. McCARTHY. Yes, sir; that contract was changed by some individual in the C. Q. M.'s staff prior to my arriving here. They tell me that it was organized by Major Brewer. I don't know if that is so or not, and I don't know whether it was put in after the contract was signed or before.

Mr. FULTON. But the effect of that change was——

Mr. McCARTHY. To make the Government responsible for repairs.

Mr. FULTON. Did the Government have any time limit within which it had to examine and reject the equipment?

Mr. McCARTHY. Ten days' clause was in the old contract. We had 10 days to decide whether the evaluation was too high or too low for whatever it might be. We had a 10-day period to go back at the

lessor who owned the equipment to get a revaluation or to get reimbursements.

Mr. FULTON. So, when you got in a piece of equipment, that is, when the Government got it on this job, it was obligated to make an investigation within 10 days, if at all, for the purpose of ascertaining whether it was valued too high, was in poor repair, or had too high a rentage, and if it could not make that investigation within 10 days, then under this new provision that you say was inserted in the contract, the Government could not question the condition of the equipment and was obligated to repair it before it gave it back to the contractor.

Mr. McCARTHY. That is right—put it in workable condition; the same condition that it arrived at the site it was to be returned to the owner, excluding ordinary wear and tear.

Mr. FULTON. That made it exceedingly important on behalf of the contractor—

Mr. McCARTHY. That is right.

Mr. FULTON. That the contractor, receiving some hundreds of thousands of dollars of the fee, take care and see to it that that equipment was in all cases properly inspected and that proper records and checks of it were made. Did you find that there were such records when you came here?

Mr. McCARTHY. I found records from the old—certain records that didn't exist, I had to compile, and we are still in the process of compiling many of the records from the first week of this job so that the Government can audit these records and be cleared by G. A. O. upon completion of the job.

Mr. FULTON. Mr. Philip Harrison is a man with whom you worked or were superior to, is he?

Mr. McCARTHY. Mr. Harrison worked under me. He was there when I arrived, and I took over the entire staff. I released no one, because I thought at the time I arrived there, from my observation, that each and every individual in that office was qualified to carry on the type of work necessary for this department, and I didn't want to break down a department that was functioning prior to my arriving here. I thought that the changes I could make in my organization—I could do just as well with the people I had in the office. So I didn't make any changes. Mr. Harrison was there when I arrived. I heard a lot of rumors about where he came from, how he came into the Q. M. C., and I knew there was a lot of ill feeling on the contractor's side against Mr. Harrison. I just spoke to him and told him just what I wanted done and told him just where he was supposed to work under this new set-up, and that it was going to work that way and no other way. Up to date he has done a very fair job.

Mr. FULTON. So that although you didn't hire him as his superior, you have observed his conduct, and you believe that he was a suitable man to hire and did a good job?

Mr. McCARTHY. Yes, sir.

Mr. FULTON. Whether it is a coincidence or not, I am informed that shortly after he talked with one of the investigators of this committee, he was informed that his services would be no longer needed. Are you aware of that situation?

Mr. McCARTHY. We had a general lay-off about 2 weeks ago, on the 1st of this month, and Lieutenant Fisher, who is executive offi-

cer, administrative officer in the C. Q. M., called me up and told me I would have to cut three personnel from my office. So I picked out three people that I thought we could dispense with, the lack of whose services would not hurt my organization, and I rendered three names. When I rendered the three names, Lieutenant Fisher asked me, "Why not Harrison?" I said, "Why Harrison at all?" He wouldn't answer my question. About 2 days went by, and I took Harrison in off the field and put him inside the office, working up some charts that I have with me. Saturday morning, around 10 o'clock, about 20 minutes or so after Mr. Robinson arrived at my office, Mr. Harrison's termination was sent over, signed by Lieutenant Fisher, terminating his services as of the 15th of the month, stating that he had 8½ days' leave coming and that would bring his official termination date as of the 27th of November. Then I instructed Mr. Harrison to go over to the C. Q. M. and show no hard feelings and say good-bye to everybody. He went over and said good-bye to Lieutenant Fisher and told him he was going back to Florida. When he spoke to him, he said, "Wait, you can't go. You have to be in the hearing." Mr. Harrison came back and said he would be at the hearing if the Government would pay his expense down here, that he couldn't see his way clear to come down here at great expense that he couldn't afford. At 12 of 10, approximately, I got a telephone call, that is Harrison got a telephone call from Lieutenant Fisher, telling him that his termination date had been pushed up to the 20th of the month. Lieutenant Harrison asked Lieutenant Fisher to verify that by telling me the same. When I got on the 'phone, he told me that. I asked him why he didn't extend it to the 1st of the month. He said that was Major Hofto's orders.

Senator BREWSTER. November 20 less 8½ days brought it back to the 16th that he would, really, be out.

Mr. McCARTHY. Yes. He had 8½ days annual leave coming, sir, 15 and 8 would bring it up to the 27th, as I think it is shown on his termination.

Senator BREWSTER. That would push it back to the 20th.

Mr. McCARTHY. Up to the 20th. That would bring it to the 29th.

Mr. FULTON. That is a situation where the officers handed you instructions to dismiss a particular man who was working for you and who hadn't been recommended by you for dismissal?

Mr. McCARTHY. That is right.

Mr. FULTON. Without assigning a reason.

Mr. McCARTHY. That is right.

Mr. FULTON. Is Lieutenant Fisher in the room?

The CHAIRMAN. Is Mr. Fisher here?

Mr. FULTON. Mr. McCarthy, will you furnish the committee with any information concerning the question of purchases of parts and the selection of persons from whom those parts were to be purchased?

Mr. McCARTHY. Did I furnish the committee with one?

Mr. FULTON. No. I say do you have any information on that subject?

Mr. McCARTHY. Well, I have some information where a company by the name of Mills-Morris came in to my office one day and wanted to know why they weren't getting any business. I questioned them and asked them why they came to see him. They said they had been over to Lieutenant Bruce's office and over to Quin Flowers' office and

had made a recommendation on May 4 and had sent in a letter. I have the text of the letter here. I will read it to you if you care to listen to it.

Mr. FULTON. Take it up in its entirety if you think it relates to that subject.

Mr. McCARTHY [Reading from Exhibit No. 166]:

Under date of September 4, 1941, the Mills-Morris Co., of Memphis, Tenn., submitted a letter to the constructing quartermaster at the request of the supervising auditor of tools and equipment for constructing quartermaster, setting forth in the letter an agreement to establish and stock an organization in the city of Milan, Tenn., for the purpose of filling emergency orders for repair parts for motorized vehicles. Copy of the aforesaid letter is attached hereto.

That is addressed to the Construction Quartermaster Corps, Milan, Tenn., from the Mills-Morris Co., Memphis, Tenn., September 4.

GENTLEMEN: In May I endeavored to enter into a contract with the Ferguson-Oman Co. to furnish parts for your several cars and trucks that are now being used in the construction of the Wolf Creek ordnance plant. There were several different discounts carried on the various lines that we have, and we built two catalogs, one for Lieutenant Bruce's office and one for Mr. Quin Flowers' office. Our proposition was that this was to be covered by a blanket order from the Ferguson-Oman Co. for \$2,000 for emergency parts, as well as others. As I learned later from Mr. Flowers, constructing quartermaster turned this proposition down.

The parts covered in the contract were as follows: Piston, pins, valves, timing gears, timing chains, gaskets, tie rod ends, shackle bolts, and bushings, and lug bolts, Federal Mogul connecting rod, bearings, also main bearings, clutch facings and plates, pressure plates, springs, mufflers and tail pipe, ignition cable and small parts such as ignition rotors, caps, condensers, and points. These were for Chevrolet, General Motors Corporation, Ford and International trucks. The above items carried a discount of 40 percent from the manufacturers' list price free on board job-site.

Gears, transmission and differential for Chevrolet, General Motors Corporation, Ford and International, also rear axle shafts. The above merchandise carried discounts of 33½ percent. Brake lining, sets or rolls, molded or woven, for Chevrolet, General Motors Corporation, Ford and International trucks as well as tractors and drag lines, also piston rings, less 50 percent. Generators, Ford, \$6; Chevrolet, \$5.25 on an exchange basis. Motor exchange, provided crank shaft is not broken and no holes are in the block.

Fords, 1939 to 1941, inclusive, \$53.50.

Chevrolet, less heads, 1939 to 1941, inclusive, \$56.

Chevrolet, with heads, 1931 to 1941, inclusive, \$64.50.

Overhaul motor International D30-D35 and General Motors Corporation, \$85 net free on board job-site.

Sleeves for D35 International \$4.45, if complete.

Pontiac, 1939, \$95 complete.

Plymouth, 1941, \$70—complete overhaul.

Dodge, 1941, \$90 complete overhaul.

Fan belts, 45 percent off manufacturers' list; radiator hose, 45 percent off list; brake hose, ½ inch, 24 cents per foot; ¾ inch, 30 cents per foot; clamps for brake hose 5 cents each. Bimetallic facings, such as steering clutch, master clutch, brake lining and cones for caterpillar trucks, Allis-Chalmers tractors, LeTourneau, and Wooldridge scrapers.

According to the Treasury Procurement Service schedule, we also agreed to keep a stock of merchandise in our Milan, Tenn., branch to take care of any emergency that you may not have in your stock, and to send out and check your stock from your Kardex system and not let you get low on any of the above merchandise.

Since this contract was drawn in May, there have been some slight changes on some of the merchandise in price. We have continued to send to the Ferguson-Oman Co. two sets of catalog pages to be changed by the constructing quartermaster and Mr. Grissom in Mr. Quin Flowers' office, but our branch manager in Milan advises us that these pages have not been put into the catalog, and for us to discontinue sending them.

I believe we can give you quicker service than you can get elsewhere. We think we carry one of the largest lines of replacement parts in the entire South, and up

to the present time have been very successful in getting the merchandise needed from the various factors.

I will appreciate it if you would check into this again and see if we can enter into a contract with you.

At the termination of the Ferguson-Oman Co.'s contract, we, the Mills-Morris Co., will take back any of the parts that we might sell you that the Procter & Gamble Co. does not take off your hands for the further upkeep of their individually owned trucks, provided these parts are in salable condition, and in the original boxes.

We, the Mills-Morris Co., will give Ferguson-Oman Co. a check for the parts returned, but we will not take from you, and of course, we know that you would not expect us to, any parts purchased from the car distributor or from other sources.

I might add in this letter that the parts that we furnish you are as much genuine parts as you can purchase anywhere, such as the pistons, pins, valves, are made by the Thompson Products Co., Cleveland, Ohio, and if you will check over these catalogs you will find that all the manufacturers represented in the catalog are of the highest type, and it is the writer's belief that the different manufacturers draw a big supply of their own merchandise from these manufacturers, but we will guarantee our parts just as much as the car dealer guarantees them to you.

Hoping that this is the information you want, and hoping that you will give us the opportunity of discussing this further with you, I am,

(The document referred to was marked "Exhibit No. 166" and is included in the appendix on p. 3322.)

Mr. FULTON. Was that company's facilities used?

Mr. McCARTHY. Very little that I know of. As to this company, Mills-Morris, Mr. Pirtle came to me when I got here, about 2 or 3 weeks after I arrived, and said that he couldn't see why the Mills-Morris company and the Hull-Dobbs Co. were not entitled to get some of this business. I said, "I can't see any reason for it. Maybe their discounts are rather low compared to the other discounts." He said, "No; on various parts Mills-Morris and Hull-Dobbs can give better discounts." So I tried to get an idea of the why and wherefores that certain companies were getting the business. I have been very unsuccessful in getting that, but I have recommended at various times that they give the Mills-Morris and the Hull-Dobbs Co. and any company that could give the Government better discounts a chance to bid. And later on they gave a small order to both companies.

Mr. FULTON. How about the Taylor-Hale Co.?

Mr. McCARTHY. Taylor-Hale?

Mr. FULTON. Yes.

Mr. McCARTHY. Taylor-Hale was doing business with Ferguson-Oman prior to my arriving there, and I didn't have anything to do with them, but I do know that they had a man who was working for Taylor-Hale by the name of Mr. Pace who was later taken over and worked for Ferguson-Oman, but who spent about three-quarters of his time at Taylor-Hale's place outside the Graball gate.

The CHAIRMAN. Is he on the Government pay roll?

Mr. McCARTHY. He is on the Ferguson-Oman pay roll, reimbursable by the Government.

Mr. FULTON. In other words, working for Taylor-Hale, running their parts place at Graball?

Mr. McCARTHY. That is right.

Mr. FULTON. And after working for them for some time, he was released from their employment and immediately put on the contractor's pay roll?

Mr. McCARTHY. That is the way I have understood their conversation to be when I went into it a little bit.

Mr. FULTON. Did you find there was any change in his functions?

Mr. McCARTHY. None whatsoever that I know of.

Mr. FULTON. Do you know Mr. Clifford Jessup, the United States inspector?

Mr. McCARTHY. Mr. Jessup worked for me up until about 2 weeks ago, I believe it was, and I was informed that he has been taken over by the operations officer.

Mr. FULTON. Did you ever see this report by Mr. Jessup to Mr. Booth with respect to this Taylor-Hale situation?

Mr. McCARTHY. No; I have never seen this particular letter because there was no letter like that in the files of my office.

Mr. FULTON. It is addressed to Mr. Bouck, who will be a witness directly after you.

Mr. McCARTHY. He was there prior to my arriving.

Mr. FULTON. And it relates to this same Mr. Pace, of Taylor-Hale?

Mr. McCARTHY. That is right.

Mr. FULTON. Now, do you know Mr. Greig Oman who appeared this morning?

Mr. McCARTHY. Yes; I know Mr. Oman. I have had dealings with him at the plant.

Mr. FULTON. Do you know whether Mr. Oman resided in the warehouse?

Mr. McCARTHY. I was informed by several people that he lived in the back or in some part of the place, but I didn't check that because I thought that was the intelligence officers' duty to check into matters of that type, if such a case existed. And I don't know whether he lived there or not. I couldn't substantiate it because I didn't go out to find out myself. I didn't think it was part of my job.

Mr. FULTON. Mr. McCarthy, is there anything else that you could add that would be of interest on the points you have been raising?

Mr. McCARTHY. There is nothing I can add except on the over-evaluation of several pieces of equipment on which I made recommendations to the C. Q. M. about in the same form as you see I have it here. I sent this over to the chief project auditor's office, copies of this to be given to the C. Q. M. to have him read every page in this particular report, which was an investigation report I made of the books.

Under date of March 25, LeTourneau pulls, condition new, were received at the Wolf Creek ordnance plant, carriage No. 1N3178SP, control unit No. P15280TE, serial No. 3T2152C1A. These pieces of equipment came in at \$10,990. They were brought to my attention by Mr. Jones and Mr. Jessup, who were then in my department. We sent out a telegram to the LeTourneau people, asking them to quote us prices on those two particular pieces of equipment. In fact, there were four—

Mr. FULTON (interposing). Would you try to give us the highlights of it, Mr. McCarthy?

Mr. McCARTHY. A telegram came back and stated that with different sized shoes on and different things there were different prices. One was \$9,975, and another was \$10,175.

(The document referred to was marked "Exhibit No. 167" and is included in the appendix on p. 3323.)

Mr. FULTON. Do you have any situation where equipment was put in at—I think it related to these wagons—very high valuation and where you succeeded in checking up and found that they had been purchased at a sheriff's sale at very much less?

Mr. McCARTHY. Well, that happened prior to my arriving. I understand that Oman Construction Co. had tried to put in 50 Euclids, which is heavy equipment they use in muddy grounds, mostly, very big tires on it, and these happen to be different types. I understood they were supposed to be asked \$9,000, or approximately that figure, around that figure, on contract value, and they turned them down because somebody said they bought them at a sheriff's sale for around \$800, but I don't know much about it. I am just going by what I heard, and I can't substantiate that.

Mr. FULTON. Which witness would know about that?

Mr. McCARTHY. Why, Mr. Bouck would be the only one who would know. It was during his time there and he would be the only one to tell you about that. I couldn't.

Mr. FULTON. Mr. McCarthy, you have been very frank in answering these questions. I suppose you have borne in mind that nearly every other official of the constructing quartermaster's office who has put down the facts with respect to these transactions has been transferred.

Mr. McCARTHY. I have nothing to hold back because I am a Government employee. I was put here by the Government to protect the Government's interest, and if the people working with me, above me, and as my superior officers cannot protect them, I still protect them at the cost of my job.

The CHAIRMAN. I commend you for that. It looks to me as though every one of these fellows who has been looking after the Government's interest has been eventually transferred. If the same procedure is followed in your case I would like for this committee to be informed on that subject.

Mr. McCARTHY. I asked to be relieved through the project auditor as of the 1st of November. I asked for a raise of salary and I asked if the raise wasn't intended for me I wanted to be relieved of the duty as of the 1st of November and I haven't heard any more about it.

The CHAIRMAN. Well, Mr. Thomas was transferred; Mr. Bouck was transferred.

Senator BREWSTER. Mr. Harrison was dismissed.

The CHAIRMAN. Mr. Helzel was transferred. It looks like whenever a fellow was trying to do his job on this project for the benefit of the Government he got notice through some means that his services were no longer needed. We are going to find out what the cause of that was. So if you get that, this committee wants to know about it.

That will be all, Mr. McCarthy.

Mr. McCARTHY. Thank you.

The CHAIRMAN. Mr. Harrison.

TESTIMONY OF PHILIP W. HARRISON, TRANSPORTATION INSPECTOR, QUARTERMASTER CORPS, WOLF CREEK ORDNANCE PLANT, MILAN, TENN.—Resumed

COST TO GOVERNMENT FOR TRANSPORTATION OF PROJECT EMPLOYEES

Mr. FULTON. Mr. Harrison, you have already been sworn, have you not?

Mr. HARRISON. Yes, sir.

Mr. FULTON. I understand that you were hired in the light-equipment division of the contractor's office originally on this project.

Mr. HARRISON. Yes, sir; that was in February.

Mr. FULTON. Who hired you there and what were your instructions as to your duties?

Mr. HARRISON. I was at that time, prior to that time, working at Camp Blanding, Fla., in the Personnel Transportation Division. I received a long-distance telephone call from Mr. Miller asking me to report to Wolf Creek ordnance plant.

Mr. FULTON. That is this Oscar Miller who was referred to yesterday?

Mr. HARRISON. Yes, sir; and I reported to him, and my first assignment was to organize a personnel transportation system, that is, for the transportation of employees from the various time clocks, and so forth, to job locations, which we did, and then later on I organized a bus system—

Mr. FULTON (interposing). That assignment was to organize records and check-ups in such a way that you would be able to ascertain whether the equipment was actually being used, and—

Mr. HARRISON (interposing). Yes, sir; that was a regular transportation department.

Mr. FULTON. And did you start to put into effect the system of records for the contractor that would have given him that information?

Mr. HARRISON. Yes, sir.

Mr. FULTON. What happened?

Mr. HARRISON. I set up a record system which the Government required, and at a later date I was told to cease making that type of record.

Mr. FULTON. By whom were you told that?

Mr. HARRISON. My superior, Mr. John Taylor.

Mr. FULTON. Does he have anything to do with this Taylor-Hale concern, or is that just a coincidence of names?

Mr. HARRISON. That I don't know, sir.

Mr. FULTON. Did you cease doing that or did you continue doing it?

Mr. HARRISON. I continued to do it, sir.

Mr. FULTON. Then what happened?

Mr. HARRISON. I was told again to stop, and I continued to do it, and I received my discharge.

Mr. FULTON. In other words, the contractor fired you.

Mr. HARRISON. Yes, sir.

Mr. FULTON. And so that you are now in the situation of having been fired first by the contractor and now recently by the constructing quartermaster?

Mr. HARRISON. Yes, sir.

Mr. FULTON. Well, after you were fired by the contractor, were you escorted from the reservation?

Mr. HARRISON. Yes, sir; I was escorted by the guards working at the reservation.

Mr. FULTON. Did you report that to the constructing quartermaster?

Mr. HARRISON. At a later date I did, not to the constructing quartermaster; I reported that to the supervising auditor of tools and equipment after I went to work there.

Mr. FULTON. And were you hired then by the constructing quartermaster?

Mr. HARRISON. Yes, sir.

Mr. FULTON. After an investigation by the Quartermaster Department of the reasons you were fired by the contractor?

Mr. HARRISON. I think at that time that the Quartermaster Department knew the reasons why I was discharged.

Mr. FULTON. Was any reason assigned at the time you were discharged by the contractor for his doing so?

Mr. HARRISON. I didn't understand the question.

Mr. FULTON. Did the contractor assign a reason for discharging you?

Mr. HARRISON. I received no written letters or anything in regard to my discharge. I was called into the office and handed a discharge ticket. I asked for a reason, and my superior said that I had gone over his head.

Mr. FULTON. By refusing to discontinue your work of putting into effect records?

Mr. HARRISON. He didn't specify any certain item. I admitted to him that I had gone over his head.

Mr. FULTON. In what connection?

Mr. HARRISON. Submitting reports to the War Department which I knew they had to have adequately to complete their records. Other items of more or less emergency; extenuating circumstances would develop which would force me to go over his head.

The CHAIRMAN. You were really doing that for his protection, weren't you?

Mr. HARRISON. I thought I was, sir.

The CHAIRMAN. If he had allowed you to carry on your business as you should have you probably wouldn't be attending this investigation right now. He would probably.

Mr. FULTON. After you were hired by the Quartermaster Division, did you have anything to do with examining into the operations of the convoy system of equipment?

Mr. HARRISON. Before I left the contractor's I recommended that the convoy system be discontinued due to the fact that an adequate road system had been built whereby we could install a bus system to take care of the transportation of personnel. It was only natural that the convoy system was running quite expensive.

So, when I went over to the C. Q. M., I made the second recommendation that the convoy system be discontinued, and we had two

bus companies in agreement with us that were operating on the reservation at that time.

The CHAIRMAN. Explain what you mean by "convoy system."

Mr. HARRISON. That is a system to move the personnel, the workers, from their various time clocks where they check in at the edge of the reservation or in the reservation, to their job locations.

The CHAIRMAN. Is it handled with passenger cars?

Mr. HARRISON. No; with ton-and-a-half stake-body trucks.

The CHAIRMAN. By truck.

Mr. HARRISON. Yes, sir.

The CHAIRMAN. Those trucks were equipment that the Government was paying rent on?

Mr. HARRISON. Yes, sir. We had approximately 80 of those trucks to begin with, but we had to set up that system in the beginning because the roads were not accessible to buses, and so forth, but after the roads became built and in good condition, the bus company agreed to set up an intrareservation system at their own expense, to furnish their own operators and their own equipment. Today they are operating that. We accepted this bus system, but continued on with the convoy system. Consequently, the buses are not flourishing to any great extent.

When I went over to the C. Q. M. I made another recommendation to discontinue. It was costing, the labor alone, approximately \$100,000 a year.

The CHAIRMAN. \$100,000 a year?

(The document referred to was marked "Exhibit No. 168" and is included in the appendix on p. 3325.)

Mr. HARRISON. Yes, sir. That was in June, I think it was, that Lieutenant Nickerson wrote a letter recommending that the convoy system be discontinued. Leo Helzel, who was then supervising auditor of the time department, wrote another letter showing that the overtime and whatnot the truck drivers were drawing was a pretty heavy expense to the Government, and he recommended that it be discontinued. From my own knowledge at the present time, it is still being operated.

Mr. FULTON. Tell us what these motor pools in nearby towns were?

Mr. HARRISON. As I understand it, a circular was sent from the War Department or from Washington, which stated that no passenger car could be utilized for an individual's transportation, either Government owned or Government rented, unless it had some definite place to park or be pooled when it was not on official use. At that time, we had quite a few cars going into Jackson, Tenn., and into Milan, Humboldt, and Trenton, and so forth. So, motor pools were established in Jackson, Humboldt, and in Trenton, so that the personnel driving these vehicles leaving Wolf Creek ordnance plant drive to their town and park it in a motor pool and leave it there overnight, when it was not on official duty, and be picked up the next morning.

In the event of an emergency or anything like that, these vehicles were accessible at the motor pool.

Mr. FULTON. Can you tell us whether you checked up on these motor pools and what you found with respect to their operation?

Mr. HARRISON. Well, the pools in these respective towns, of course, were more or less small items. The pools that were established on the reservation were the items that we thought were not being operated efficiently. For instance, the transportation department was divided into two units, light transportation and the truck division. The light transportation took in vehicles up to 1 ton, and the truck division from 1½ tons up to 5. It was being operated as two separate units.

Now on all Government projects that I have ever seen, there must be a motor pool established where these trucks can come into a centralized point and be serviced, and so forth. But, we actually had sixteen pools or parking areas in the Wolf Creek Ordnance Plant and Milan Ordnance Depot. Now, to operate a pool, you have to have truck dispatchers, checkers, and so forth. If those pools had been consolidated into three master pools, which we recommended, and it could have worked efficiently, and if the two divisions of the transportation department had been consolidated into one division and worked as one transportation department, it would have saved thousands of dollars.

The CHAIRMAN. How many thousands of dollars?

Mr. HARRISON. I would say over \$200,000 a year.

The CHAIRMAN. \$200,000 a year. Then your transportation, what you call convoys, and your motor pools, cost the Government about \$300,000 that was not necessary?

Mr. HARRISON. That is my opinion; yes, sir.

Mr. FULTON. I was particularly interested, too, in the practices that did not mean much more than a definite intention to deceive, particularly the item of a GMC trailer which was removed from a truck and had its numbers painted out and then was put on another tractor truck temporarily for purposes of further repairs which would appear on the cost sheets of a different piece of equipment.

Did you note that or similar cases?

Mr. HARRISON. Yes, sir; this trailer, I believe, if my memory is right, is No. 2314.

Mr. FULTON. Yes; No. 2314, on or about September 18. This report which you prepared, I think, which you might identify—

(The report referred to was marked "Exhibit No. 169" and is included in the appendix on p. 3326.)

Mr. HARRISON. Yes, sir; that was about September 18. That was a GMC trailer, 2314, and it was attached to the GMC cab, or the truck, No. 2314, which was perfectly normal, but then it was detached and made a part of trailer E-2333, and the number "2314" removed.

Mr. FULTON. Painted out?

Mr. HARRISON. Yes, sir.

Mr. FULTON. And another number painted on?

Mr. HARRISON. The new number "E-2333" was painted on it. Now, on September 17, the same trailer, which was formerly "2314," was equipped with three new 17-by-10 tires and one 17.50-by-5.10 Good-year tubes. According to the record of the tire department, that was charged to this new number "E-2333." At the present time, "2314," or at the time that this was written, was being worked on at the heavy equipment garage, and it was my understanding through the inspector there that the labor and parts, and so forth, were being charged to the new number "2333."

Due to the fact that previously over \$400 had been spent on that particular trailer on the old number, naturally the inspector and myself thought that painting that number out and charging to the new number wouldn't show correct in an adequate cost system. You couldn't determine then how much was being spent if you didn't know the particular piece of equipment.

Mr. FULTON. It would be a way of putting a new set of tires on it without having it charged to that piece of equipment.

Mr. HARRISON. Three new tires were put on it; yes, sir.

Mr. FULTON. And where is that trailer now?

Mr. HARRISON. That I couldn't say, sir. I don't know whether it is still on the reservation or not.

Mr. FULTON. Was the trailer put back on the same tractor that it was originally taken from?

Mr. HARRISON. I don't think it was, sir; and it is my understanding that the new truck or the cab to which this piece of equipment was attached was owned by an organization other than the one that owned the trailer.

Mr. FULTON. Well, there are a great many items that are far too numerous for us to take up here that you called to the attention of various people from time to time, and which at the request of the committee—you didn't volunteer it—that you furnished to the committee; isn't that true?

Mr. HARRISON. Yes, sir.

Mr. FULTON. And item after item of equipment which apparently wasn't very well valued at the beginning or which had a considerable amount of repairs?

Mr. HARRISON. Yes, sir; that is right.

Mr. FULTON. Have you had any discussions with any of the officers, such as Lieutenant Fisher, or others, as to why it was that they went over the head of your superior and selected you for discharge?

Mr. HARRISON. No, sir.

Mr. FULTON. Have you asked any of them the reason?

Mr. HARRISON. No, sir.

Senator BREWSTER. What did Lieutenant Fisher say when you called on him?

Mr. HARRISON. I just dropped in to tell Lieutenant Fisher that I was going back to Florida, and he said yes, he understood that; he was sorry that he had to sign my release, that it was just one of those things.

Senator BREWSTER. Did he indicate that he had taken the responsibility for your dismissal without the recommendation of your immediate superior?

Mr. HARRISON. He indicated that the letter was written and handed to him for signature for my termination.

Senator BREWSTER. The implication being that Mr. McCarthy had done it, or whom?

Mr. HARRISON. No, sir; not at all.

Senator BREWSTER. Who would be the one, then, who had done it?

The CHAIRMAN. The constructing quartermaster?

Mr. HARRISON. I imagine that would be his superior; yes, sir.

The CHAIRMAN. That was the impression you gained?

Mr. HARRISON. Yes, sir. I take it back. I said a few moments ago that I had not discussed it with any of my superiors. I did.

I discussed it with Mr. McCarthy, who asked me to talk to Mr. Code, the assistant project auditor, which I did. I asked Mr. Code, in his opinion, why he thought I had received my release. The release did not go through him. That is my understanding. He said that he had discussed that with the C. Q. M. and that he was told that by the C. Q. M. that he did not appreciate my talking to Mr. Robinson, and that I was a contractor's man. That was the information given to me. What he meant by that, I don't know. I said, "Well, if that is the status of the case, I will forget it and go back to Florida."

The CHAIRMAN. That is all, Mr. Harrison.

Is there a representative here of the Cement Association? Will he please come forward?

Do you solemnly swear to tell the truth, the whole truth, and nothing but the truth, in your testimony before this committee, so help you God?

TESTIMONY OF OSCAR MARTIN, PORTLAND CEMENT ASSOCIATION, NASHVILLE, TENN.

COST OF CEMENT ROADS

Mr. MARTIN. I do, sir.

The CHAIRMAN. Will you take a seat there and give your name and connections to the reporter?

Mr. MARTIN. Oscar Martin, Portland Cement Association, Nashville.

Senator BREWSTER. Are you their representative for Tennessee?

Mr. MARTIN. Yes, sir.

The CHAIRMAN. What is the average cost of a 20-foot concrete road with a 7-6-7 base?

Mr. MARTIN. Six-seven base? Well, the average price in Tennessee at the present time—now you are talking of a 20-foot road; did you say 20-foot road?

The CHAIRMAN. Yes, sir.

Mr. MARTIN. Well, we have a number under construction at the present time, and of course they vary in different parts of the State to a certain extent.

The CHAIRMAN. That depends altogether on the circumstances. What is the average?

Mr. MARTIN. For instance, we have some now under construction that went as low as \$1.64 a square yard.

The CHAIRMAN. How much a mile is that?

Mr. MARTIN. Well, I don't know whether I have that figured out in miles or not. In other words, that would be 11,733 square yards to a mile. I will have to do a little figuring on that.

The CHAIRMAN. Not more than \$25,000?

Mr. MARTIN. It really runs at the present time, for contracts that are under work in Tennessee at the present time, from about nineteen up to around twenty-seven thousand dollars per mile for a 20-foot road. That is pretty high. Twenty-seven is pretty high, and some have run a little under nineteen in the last 2 or 3 years.

The CHAIRMAN. The average would be about twenty-two or three?

Mr. MARTIN. Twenty-two or twenty-three thousand per mile for concrete pavement in Tennessee at the present time. That is for 8-6-8 pavement.

The CHAIRMAN. Do you know anything about the cost of ordinary black-top road, 20 feet wide?

Mr. MARTIN. That all depends on the base you put it on. You know you have got to get things down to a comparable basis.

The CHAIRMAN. That is right. Suppose you put it on a chert base?

Mr. MARTIN. Say 12- or 10-inch chert.

The CHAIRMAN. Eight-inch.

Mr. MARTIN. I really know little about the price of chert, and it would be a little bit difficult for me to make an estimate of that particular thing.

The CHAIRMAN. You don't like, in other words, to make an estimate for your competitors.

Mr. MARTIN. No; I would rather he make his own estimate on that. I think we can compete mighty well with him in service for the money spent.

The CHAIRMAN. You can do it for a little less than \$29,000 a mile, can't you?

Mr. MARTIN. I would hope so; yes, sir.

Senator BREWSTER. You must have to be familiar with that thing as a competing product.

Mr. MARTIN. Well, as a base, there has been very little chert used in Tennessee. I am speaking more in terms from my connection with the State highway department. In other words, I am fairly familiar with the cost involved with the State highway department because—

The CHAIRMAN. Suppose you were going to build one with a 6-inch concrete base. About what would that cost under black-top?

Mr. MARTIN. Six-inch base? Well, your base will run about \$1.35 to \$1.40 a square yard. That makes around \$17,500 to \$19,000 a mile, and then your top, depending on the type of asphalt top you put on it—that will run up around a third as much or a fourth as much more on that.

The CHAIRMAN. In other words, it would cost about 4 or 5 thousand dollars a mile for the top. It depends on how thick it would be, whether you make it 1, 2, or 3 inches thick.

Mr. MARTIN. That is right, depending on the thickness. It would depend on the thickness of your base. You have to get down to definite thickness on it.

The CHAIRMAN. In other words, the Government could have saved several thousand dollars a mile if we had used a concrete base out here and put a couple or 3 inches of black-top on it.

Mr. MARTIN. I don't know what the base cost, but I know what concrete should cost.

The CHAIRMAN. It was testified that the road cost \$29,000 a mile.

Mr. MARTIN. I believe they could have gotten a mighty good concrete road for that money; yes, sir.

The CHAIRMAN. That is all.

Mr. Bouck? Mr. Bouck, do you solemnly swear to tell the truth, the whole truth, and nothing but the truth, in your testimony before this committee, so help you God?

Mr. BOUCK. I do.

TESTIMONY OF ANTHONY W. BOUCK, CHIEF TOOL AND EQUIPMENT INSPECTOR, QUARTERMASTER CORPS, ABILENE, TEX.

The CHAIRMAN. Will you give your name and connections to the reporter?

Mr. BOUCK. Anthony W. Bouck, chief tool and equipment inspector, Quartermaster Corps.

Mr. FULTON. Mr. Bouck, you are one of the three individuals who seem to have trouble getting here. I wondered when the Army notified you for the first time that the committee wanted you to be here.

Mr. BOUCK. Probably at 2 yesterday.

Mr. FULTON. Two o'clock yesterday?

Mr. BOUCK. Yes, sir.

Mr. FULTON. How did you receive that notice?

Mr. BOUCK. The constructing quartermaster at Camp Blakely, Abilene, handed me a telephonic transcription from the zone that I was to appear here today.

Mr. FULTON. You came promptly upon receiving it?

Mr. BOUCK. Just as promptly as possible.

Mr. FULTON. You arrived from Texas late this morning, I take it?

Mr. BOUCK. Yes, sir.

EQUIPMENT PURCHASES AND RENTAL PROCEDURES

Mr. FULTON. Will you tell us what position you held on this particular project before you were transferred from the Wolf Creek Milan project?

Mr. FULTON. I was chief tool and equipment inspector.

Mr. FULTON. And would you tell us something about the nature of that work and the difficulties, if any, which you encountered?

Mr. BOUCK. Well, the duties are synonymous to the duties of Mr. McCarthy, who is my successor.

Mr. FULTON. In other words, you preceded him, and then he took on the same type of duty thereafter.

Mr. BOUCK. That is correct.

Mr. FULTON. After you had left, did you find any trouble in getting adequate information concerning the light and heavy equipment that was being rented on this project?

Mr. BOUCK. A great deal of trouble.

Mr. FULTON. Would you describe that to the committee as nearly as you can?

Mr. BOUCK. Mr. McCarthy has gone into the type of contract that we were operating under at that time. Specifically, equipment that was on the job over 10 days became automatically a permanent fixture. At the time when I was operating there, I had considerable difficulty in getting information within that 10-day period and having no access to the formal contracts and nothing in the line of information on a particular equipment other than that which was rendered by the contractor, we were at considerable disadvantage in evaluating equipment and establishing its rental.

Mr. FULTON. Would you tell us how long you were at the project in that position?

Mr. BOUCK. March 1, 1941; I was relieved of duty July 12. I stayed at Milan until August 24 without any assignment.

Mr. FULTON. I note that that was subsequent to a request by you, yourself, made for a transfer by letter dated June 14, in which you stated that the reason that you wanted a transfer was, and I am quoting—

Performance of prescribed audit functions impossible. General contractor refuses to record proper basic accounting information. Section personnel insufficient to operate as directed under Construction Division Letter No. 286. Recommend that zone auditor conduct a physical inspection of conditions is considered advisable to determine that basic defense materials are receiving proper application. Accountability must accompany expediency to avoid undue waste.

Reflection on the administration of your office is neither intended nor implied. Fullest cooperation within the limits of your local jurisdiction has been extended. Consideration of present rating and responsibilities with a view of compensatory adjustment is requested in this connection.

(The letter referred to was marked "Exhibit No. 170" and is included in the appendix on p. 3327.)

Mr. FULTON. Will you tell us what you mean by—

performance of prescribed audit functions impossible. General contractor refuses to record proper basic accounting information.

Mr. BOUCK. Well, it starts with what I said immediately preceding here, and continues into the realm of being unable to determine the usage of, specifically, cars, pick-ups, station wagons, of which there were some 600 on the project.

Mr. FULTON. We have noted that many of those station wagons and cars had very few miles registered on their speedometers, and rather wondered why the Government should rent equipment in such quantities.

Mr. BOUCK. That was exactly what—

Mr. FULTON (interposing). When there were so few miles. Is that one of the things you were taking up?

Mr. BOUCK. That disturbed me very greatly, and also in connection with that, I didn't know to what purpose they were being put, because I had no daily information on what they had done. I didn't know whether we had 300 too many or didn't have enough.

Mr. FULTON. It is disturbing to the committee to note that from the answers of these renters of equipment, they were borrowing these pieces of equipment largely on borrowed money, and even then renting them to the Government for sums of money aggregating in many instances a considerable fraction of the total cost, where we have some doubt by reason of the small usage that was made of it, that it was ever necessary in the first place.

Mr. BOUCK. That is a large feature, and it ties into the then existing rental contract, and also ties over into the now existing rental contract which allows an individual to put a piece of equipment on a Government project and have a contractual agreement or a lien or encumbrance against it which ultimately ties—I will give you a concrete example.

The owner of a piece of equipment may have bought it with 20 percent down. We will say it was a thousand dollars, and he has agreed to pay it out in equal monthly payments in 18 months. Now, he may have rented that to the Government so that it will be paid out in 10 months. The Government can't recapture that piece of equip-

ment should the lessor die intestate without a title. In effect, it allows an individual, if he desires, to pyramid—well, unearned increment, we will say.

The CHAIRMAN. In other words, he can buy a piece of equipment on time, sell it to the Government at a profit, and put up but a very small part of the purchase price itself.

Mr. BOUCK. Yes. The regulation is that not greater than 70 percent can be covered by a mortgage.

Mr. FULTON. And these prices at which the equipment was to be sold would appear from the contractor's own schedule, the equipment renter's own schedules, to be considerably higher than the cost that he was paying for the equipment, and also appears to be considerably higher than the price the Government would have had to pay for such equipment had it purchased it directly in complete car lots.

Mr. BOUCK. That is unquestionably true.

Mr. FULTON. It was for reasons of that kind that you were insistent upon receiving information to make sure that at least that equipment was being used?

Mr. BOUCK. Yes. May I digress here just a moment. I have a point to make. This morning you had photographs there of equipment that wasn't used. That was heavy equipment. And the personnel got daily usage reports on that. They know definitely that this equipment wasn't used. Here were 600 items that we had no report on at all. We don't know what they were being used for.

The CHAIRMAN. You don't know whether they were used or weren't? The Government still paid the rent on it.

Mr. BOUCK. That is right.

Senator BREWSTER. In your endeavors to get a report on that, what steps did you take?

Mr. BOUCK. My request for a transfer there culminated in considerable verbal argument on the necessity of determining the time the equipment worked.

Senator BREWSTER. And whom were those discussions with?

Mr. BOUCK. I took them up with my immediate superior, T. D. Thomas, field auditor; and he and I together went to the constructing quartermaster.

The CHAIRMAN. Who was the constructing quartermaster at that time?

Mr. BOUCK. Major Brewer; and may I elaborate a little more on that please? There was a major from the inspector general's, whose name escapes me now—I believe it was Major Hill—who came out about that time and spent 4 or 5 hours with him going over exactly what I have just explained to you gentlemen. In his opinion those records should be kept. It seemed to him it was mandatory for them to be kept. However, he was gone the next day, and nothing came of that particular session.

(The report referred to was marked "Exhibit No. 171" and is included in the appendix on p. 3328.)

Senator BREWSTER. He agreed with you fully in your position?

Mr. BOUCK. He went to Mr. Thomas and further took it up with him.

Senator BREWSTER. Mr. Thomas is another of the gentlemen who has since been relieved here?

Mr. BOUCK. Yes, sir.

Senator BREWSTER. He is not here to testify?

Mr. BOUCK. No.

VALUATION AND REPAIRS OF EQUIPMENT

Mr. FULTON. I note in the report that you made to Mr. Thomas concerning the reasons for wanting to be transferred that you refer to five Euclid trailer wagons being valued by you at \$8,500, and I am quoting from the report. You say [reading from Exhibit No. 172]:

Captain Carlton, executive officer, thought we shouldn't be too hard on the owner, and assess the evaluation at \$9,450 per unit.

Captain Carlton has also taken exception to the "intolerant" attitude of this section in the matter of repairs and replacements. In the presence of Stirton Oman and Quin Flowers of the Ferguson-Oman Co., and myself, he pounded the desk with his fists and stated that the inspectors of this office had absolutely no authority at the heavy equipment barn or garage, and if anything appeared wrong, a letter should be written about it.

(The report referred to was marked "Exhibit No. 172" and is included in the appendix on p. 3328.)

Mr. FULTON. Did Captain Carlton make such a statement to you?

Mr. BOUCK. Yes, sir.

Mr. FULTON. And he was the executive officer to the constructing quartermaster charged with seeing that this should be done economically?

Mr. BOUCK. That is correct.

Mr. FULTON. Telling you in the presence of the contractor that you had no business being at the garage to inspect the equipment?

Mr. BOUCK. In effect, that is what he meant.

Mr. FULTON. And you state here [reading]:

marked exception is taken to this particular statement because it conveyed the impression to Mr. Oman, who is a member of the general contractor's company, that this section could be ignored with the sanction of the constructing quartermaster.

As a matter of fact, all irregularities that have appeared are charged directly to this department for the reason that we are the only section actively concerned with determining that the United States Government is getting what it pays for.

You also charge here that the Ferguson-Oman Co. in effect raided your personnel by trying to hire your men away from you.

Mr. BOUCK. That is correct, although that is second-hand evidence.

Mr. FULTON. Can you tell us the fact on which you base that charge?

Mr. BOUCK. I believe the first instance was——

Mr. FULTON (interposing). Well, Mr. Stanfiel is listed here as the senior inspector. You say here he was told by Ferguson-Oman:

Show me your Government check and I will double it if you will go to work for us.

Mr. BOUCK. That is correct.

Senator BREWSTER. Did he tell you that?

Mr. BOUCK. He told me that.

Mr. FULTON. Is Mr. Pirtle another one of those instances?

Mr. BOUCK. Nothing that I can state definitely.

The CHAIRMAN. Mr. Pirtle is in the room. I think he can answer that question himself.

Did they offer to hire you?

Mr. PIRTLE. They never did make me any definite promise. They said if I were let out they would take care of me. That is all.

Mr. FULTON. Did you ever make the statement that there wasn't enough money in the mint to get you to wear a Ferguson-Oman badge?

Mr. PIRTLE. I did, sir.

Mr. FULTON. Did you mean it?

Mr. PIRTLE. I did.

Mr. FULTON. What did you make that statement for? I mean, what was the reason that led you to feel so disinclined to be employed by this contractor?

Mr. PIRTLE. I had made the statement when Mr. Stanfiel was offered the job, when they offered to double his salary to work for them, and I made the statement in Mr. Bouck's office, if that is the way they operated, I wouldn't work for them under any consideration, if that is the way they operated.

Mr. FULTON. And did you consider it your duty while taking a job from the Government to represent the Government's interest on the project and not to try to get yourself a better wage from somebody else?

Mr. PIRTLE. I did, sir.

Mr. FULTON. I show you a report, Mr. Bouck, dated June 17, 1941, and ask if you know what that is, from whom it was received?

Mr. BOUCK. Yes; it is the report that I requested of the Chief Clerk of the Tool and Equipment Section, of which I was chief.

(The report referred to was marked "Exhibit No. 173" and is included in the appendix on p. 3330.)

Mr. FULTON. This was a report prepared for you by a subordinate, is that correct?

Mr. BOUCK. That is correct.

Mr. FULTON. This report charges that [reading]:

Receiving and inspection reports have from the outset of the project been too meager as to barely be sufficient of identification of the vehicle or piece of equipment, and certainly insufficient in memoranda reflecting inspection. This was especially costly at the outset of the project when shoddy equipment was received and accepted without proper inspection, the Government being at that time without inspectors, and bound by information furnished by the contractor.

Is that true, Mr. Bouck?

Mr. BOUCK. That is correct.

Mr. FULTON. In other words, the Government was relying on the contractor to examine this equipment, including the equipment he was furnishing himself.

Mr. BOUCK. That happened prior to the time that any Government inspectors were on the job, and the constructing quartermaster relied on the integrity of the Ferguson-Oman Co.

The CHAIRMAN. The Government had a perfect right to rely on his integrity. They were paying him a fee for what he knew. He was getting his pay from the Government for the purpose of acting as a Government agent. He didn't have a lump-sum contract. He was paid a fixed fee to look after the interest of the Government. From the looks of this testimony, I don't think he did it.

Mr. FULTON. This report to you also says [reading from Exhibit No. 173]:

That the valuation on rental equipment was oftentimes never submitted for approval to the Government until from 2 weeks to 2 months after it had been received and placed in operation.

Under that 10-day clause, it would then be too late to reject it if found improper, would it not?

Mr. BOUCK. It would, unless we instituted some of our particular—we call them tricks, in order to get the evaluation down.

Mr. FULTON. This procedure has kept the records of this Department in arrears from 2 weeks to 2 months on over 50 percent of the equipment on the project. If this condition is especially applicable to contractor-owned equipment, there is certainly no reason why the contractor couldn't give the data on his own equipment, is there, Mr. Bouck?

Mr. BOUCK. There should be no reason why he shouldn't.

Mr. FULTON [reading further from Exhibit No. 173]:

The evaluation sheets, when submitted, have, in instances too numerous to mention, improperly described the equipment inaccurately, giving dates as to models, news costs, etc. This resulted in records having to be changed, calculations modified, and unnecessarily increased the work of this Department 20 percent in checking, investigation, and changing records. * * * Certain equipment was transferred to this project for rental, and the contracts on same were not executed for over 2 months after its arrival, and rental commencement date. Repeated requests have been made to expedite the submission of these contracts. Approximately 25 percent of the equipment under rental agreement now in use is subject to lien, some of which are in an amount not only in excess of 70 percent, but in some instances 100 percent of their value. This information was not given in time to invoke the Government regulation of 70 percent.

What was that regulation, Mr. Bouck?

Mr. BOUCK. The construction provision states that no equipment shall be rented for Government construction that has against it a lien in excess of 70 percent of its established evaluation.

Mr. FULTON. The purpose of that, I suppose, was to prevent just this practice that we referred to this morning, of going out and buying equipment on a shoestring, overvaluing it at more than the cost, and then renting it to the Government at a substantial figure.

Mr. BOUCK. Yes, sir.

Mr. FULTON. But you didn't get the information on that in time to act on it.

Mr. BOUCK. The information often changed, at least we were told that it changed between the time that it went to work and the time that it finally got what we believed is the correct information.

Mr. FULTON. But did you have to have bills of lading in order to verify the dates on which those pieces of equipment arrived there?

Mr. BOUCK. We have to have that, because the rental contract states that rentals always shall begin on the date of delivery to common carrier, which necessitates a bill of lading to determine that.

Mr. FULTON. Well, this report to you proceeds to refer to the fact that repeated efforts were made to get bills of lading, that it was approximately 1½ months before any bill of lading was submitted, and that finally that condition was being alleviated.

Mr. BOUCK. It was.

Mr. FULTON. Now reports on parts and replacements. [Reading from Exhibit No. 173]:

Request after request has been made of the contractor to provide reports on parts, and replacements on the respective units since the outset of the project, but to date—

and that is June 17—

the only report received is for the month of April. As a result, there is not a complete record in the auditor's office of the parts or replacements costs on any one of approximately 1,600 units in operation.

Mr. BOUCK. That is true. That is absolutely a necessity to have those particular reports in order to set up a cost-accounting system.

Mr. FULTON. And also if the reports were that far behindhand and continued to be, the equipment might be gone and out of the project, before you were able to get around to the point where you wanted to check it.

Mr. BOUCK. That is true.

Mr. FULTON. Rendering it impossible to make an adequate check.

Mr. BOUCK. Yes, sir.

Mr. FULTON. Now, operation reports on trucks, passenger cars, that item you referred to earlier, the difficulty of determining—

Mr. BOUCK (interposing). I referred to cars, pick-ups, and station wagons. We have always had an adequate report on heavier trucking equipment.

Mr. FULTON. It says repeated requests have been made of the contractor to provide operation reports on trucks, station wagons, passenger cars, and pick-ups, but none to date has been correctly submitted which would in any major way provide a basis of the record of time on the respective units and transfer or release of equipment, and he puts down several examples here. [Reading from Exhibit No. 173]:

Approximately 6 weeks ago, the contractor was directed to release a large Davy air compressor belonging to the Oman Construction Co., one of the contracting companies. This compressor has a work record of only 8 hours for a period of 2½ months, and has not been released to date.

You found items of that kind with 8 hours use in 6 months and disregard of instructions to release it.

Mr. BOUCK. Yes; and I am not in a position to determine why. I can go further along that particular line on the Oman Construction Co. elevating grader on the project. It was in use, I will say, roughly, 20 days during the period that I was at the Wolf Creek ordnance plant. My repeated efforts got the superintendent of construction, whose name escapes me now, who gives us authority to release it, at which time I executed a form which the zone required and sent it in for release of the contractor-owned equipment. Almost immediately afterward, that piece of equipment went to work and the day I left, it was still there.

Mr. FULTON. Here are two rooter plows ordered transferred, after the contractor had advised that they could be spared. Approximately 2 weeks later they were shipped but without consulting your department, they were stopped en route and returned, meaning 1 month's rental without any use. Then, I suppose, also meaning that adding the cost of freight two ways—

Mr. BOUCK (interposing). It didn't reach a destination, yes.

Mr. FULTON. After being on the premise over a month without working, it was ordered dismissed. Instead of being dismissed, it was put in operation. After working 1 week it remained idle. The property is in the account of the construction company, a partnership. Was it items like this that caused you to believe it was necessary to get specific information fast as to whether these things were being used and if not why not?

Mr. BOUCK. I had physical control of a kind, but I wanted actual factual control that I could put on the ledger.

Mr. FULTON. One of the Army officers, I think it was Lieutenant Bruce, discussed the fact that bids were asked for some of this equipment, and I note here that the observation is made that [reading from Exhibit No. 173]:

No bid or notice of letting of contracts or requests or bids has ever been submitted to this office. No substantiated data as to the value of any piece of equipment has ever been submitted. Our records are replete with a consistent showing of break-down and idle time for numerous units for periods of from 1 month to 3 months of duration. This means that rental is being paid on equipment rented on a 24-hour per day basis with a production of nothing. Requests have been made for reports on equipment which has been procured exclusively for the new projects but these requests have met with the usual response, a maximum of no information.

Did you call those things to the attention of your superiors?

Mr. BOUCK. I certainly did. He had a transcripts of that exact report.

Mr. FULTON. I notice that you called it to the attention of Mr. Thomas, who, like yourself, requested a transfer, and he is one of the three persons who wasn't here. In addition to Mr. Thomas, did you call it to the attention of any of the higher officials?

Mr. BOUCK. Yes. I was in almost daily contact with Major Brewer.

Mr. FULTON. Constructing quartermaster?

Mr. BOUCK. Constructing quartermaster.

Mr. FULTON. And did you also call it to the attention of the contractors who were being paid to manage this project?

Mr. BOUCK. Yes; I asked the superintendent of construction to initiate procedure that would give us the information that was indicated in the Construction Division manual. I knew we would have to have it.

Senator BREWSTER. Mr. Fulton, I will have to note in the record that I am obliged to leave at this point. I want to say before leaving that I regret that we were not able to have the remaining representatives of the Government here who were requested some days ago. Mr. McKay was going to explain why they were not here, but he did not avail himself of that opportunity this morning, so that the record still stands that we gave notice nearly a week ago, now, and the men are not yet available. This necessarily interrupts the conduct of this very important investigation. I want to say for the benefit of the people of this community and of Tennessee that this situation is not typical of what is going on in the country, we trust and believe. This committee has been functioning for some 6 months now and the evidence presented here is as unhappy from the standpoint of the Government as I think any we have seen. I am sorry that time does not permit us to permit the contractor now to demonstrate that he has conducted this project efficiently, and without exercise of

influence in Washington, which has been very widely rumored. The episodes which have been testified to here and particularly the appearance of Mr. McKay, culminating it from the Quartermaster General's office, makes the easiest explanation that this project has been conducted too much through Washington and not sufficiently on the job.

We have not brought out here a great deal of evidence which has been submitted as to the contacts and collusion in Washington in connection with this affair because we have not felt it was just to other parties who are involved. But I trust that there may be some explanation of why responsible officials of the Government have dismissed most of the men who have shown concern for the Government and permitted to remain those men who either are not able or not willing to tell us frankly all that has gone on.

I am sorry that I am obliged to leave, but I expect and anticipate that the committee will follow this through to a conclusion, Mr. Chairman.

The CHAIRMAN. We are certain that the committee will follow it through in Washington. We have no remarks to be heard from you. We will let you talk in Washington when we get back there.

Mr. FULTON. Mr. Bouck—

Mr. McKAY (interposing). You have that right.

The CHAIRMAN. Proceed, Mr. Fulton.

Mr. FULTON. Mr. Bouck, did you receive a report from Mr. Clifford Jessup, copy of which I show you here?

Mr. BOUCK. Yes, sir.

(The report referred to was marked "Exhibit No. 174" and is included in the appendix on p. 3333.)

Mr. FULTON. This report says that—

It is my duty to inform you as to the fact regarding the employment of Mr. Pace, now working for Ferguson-Oman Co. Mr. Pace worked for Taylor-Hale and was their salesman and key parts man at their Graball warehouse. I worked with Mr. Pace in ordering and getting part orders regarding parts of Taylor-Hale equipment. One morning Mr. Pace informed us that he was fired because they were not selling enough parts to warrant his employ and they must cut down expenses, and when the job was over they would hire him again. Immediately steps were taken by Ferguson-Oman to employ Mr. Pace on a salary basis. What salary he is receiving, I do not know, but in regards to the kind of work and amount of work Mr. Pace does now, there isn't any difference from that when he was on the Taylor-Hale pay roll. When I refer to certain orders or asked if Taylor-Hale had certain parts, his reply was, "No: we do not have so-and-so," or "Yes; we do carry that part." I canceled an order for rollers and bushings for number 504. Mr. Pace's reply to the cancelation was, "You can't do that. We have already wired for the parts and we sure don't want to get stuck with them." Also, Mr. Pace and Mr. Oman, superintendent of heavy equipment, sleep in quarters furnished by Taylor-Hale and of course Mr. Pace sees to it that Taylor-Hale gets all the business that can be obtained from Ferguson-Oman.

First, does that mean that the contractor actually took over at Government expense the salary of a man who was trying to sell parts to the Government for Taylor-Hale?

Mr. BOUCK. He did, but in fairness to that particular situation, I believe that Mr. Pace spent a great deal of his time while on the Taylor-Hale pay roll in the Government equipment barn, for the purpose of facilitating repair and replacement parts.

Mr. FULTON. For the purpose of finding out what was needed so he would be sure Taylor-Hale got the business?

Mr. BOUCK. I am learning backward on that. That is my interpretation of it.

Mr. FULTON. That, of course, would be a legitimate purpose if he wasn't being paid by the Government.

Mr. BOUCK. It is an odd situation, and worthy of considerable scrutiny, I believe.

Mr. FULTON. Well, the committee was very much interested to note that Taylor-Hale apparently got \$80,000 of repair parts business which was quite a sizable block of business, and Mr. Greig Oman of course, volunteered the statement that everything that they had charged for was proper, and I was therefore very much interested to know that he personally occupied the same living quarters of Mr. Pace, living quarters belonging to the Graball warehouse of Taylor-Hale.

Mr. BOUCK. That is my understanding of it.

Mr. FULTON. Did you check or try to check the question of why so much of this business went to certain specific sellers of parts?

Mr. BOUCK. I did check on why it did.

Mr. FULTON. What did you find?

Mr. BOUCK. In some instances, to be specific, Taylor-Hale—my understanding was that prices charged to the contractor and as a reimbursable item by the Government, were equal to this discount or perhaps better than other places and on top of that, the parts were immediately available. In certain instances, I believe the lighting equipment on drag lines and tractors, where the price paid for such equipment was considerably in excess, even when the T. P. S. schedule applies to it, was higher than it might have been bought in other quarters. I am not competent to quote prices comparatively in that particular instance.

Mr. FULTON. I show you a report to you by Mr. Stanfiel and ask you if you recognize that.

Mr. BOUCK. Yes; I do.

(The report referred to was marked "Exhibit No. 175" and is included in the appendix on p. 3334.)

Mr. FULTON. That relates to a conversation he had with this same Mr. Greig Oman on May 29 in regard to No. 300 shovel.

I asked Mr. Oman not to put any more new parts on 300 shovel until the trouble was straight. He said he would do as he damned pleased. He said he was running this part of the job and would not let a lot of squirts tell him what to do. He said that as far as he was concerned, all of the constructing quartermaster was a lot of squirts. I told him that I had told all Government inspectors not to O. K. any new parts for this shovel until further notice. Mr. Oman said that all of the Government inspectors did not have anything to do with what he spent for parts or labor. He said they do not mean a damned thing to this job. He said to give it to him in writing. At 5 p. m. I returned to the heavy equipment barn with a letter from Mr. Bouck to Captain Carlton approved by Mr. Thomas. The letter was given to Mr. Oman by Mr. Williams. He read it but crumpled it up and said that these people did not mean a damned thing to him, that he was going to run this job like he pleased and that he took no orders from the constructing quartermaster. With this, I left. This trouble in regard to this shovel was as follows: This machine was taken out of the field while working, to get a complete overhaul. This will prove that this machine was worn out when it came to the job site. This machine could not have worn out in the short time that it was here.

Mr. BOUCK. That is correct.

Mr. FULTON. Did you check that instance?

Mr. BOUCK. Yes; I did.

Mr. FULTON. You found that to be a correct statement?

Mr. BOUCK. I think that is almost irrefutable because it is incorporated in some other reports.

(A report on No. 300 shovel was marked "Exhibit No. 176" and is included in the appendix on p. 3334.)

Mr. FULTON. The committee noted that particularly the contractor himself, the Oman Construction Co., spent over \$50,000 repairing their own equipment at Government expense. We are very much concerned about the possibility of a lot of worn-out equipment put on this project to be repaired at Government expense and perhaps rented unnecessarily because of a large amount of idleness shown on the report. Did you find other instances where equipment was brought in for repair so soon after it was brought on the job that it couldn't have been worn out by any careful usage there?

Mr. BOUCK. I don't remember whether that is the particular shovel of Oman's Construction Co. or not. I don't believe it is. I think that refers to another one. If I may refresh my memory, what is shovel 301?

Mr. FULTON. That is 300. I have here a record showing that it is a Lorrain-Diesel shovel, that is shovel 300, the one I was reading about, of the Oman Construction Co. And that, by the way, happens to be the shovel that I referred to this morning, that they spent \$4,309 repairing.

Mr. BOUCK. That is what I was trying to check. Three hundred and one is the correct number on the Oman Construction, and that 300 was a different one.

Mr. FULTON. No; the report that I read from here to you relates to shovel No. 300, not 301. But 301 is likewise an Oman shovel.

Mr. BOUCK. I believe 300 belongs to a third party and 301 is an Oman Construction Co. shovel. I stand corrected; they are both here.

Mr. FULTON. Will you take a look at this schedule, Mr. McCarthy, and tell me whether this 300 isn't an Oman shovel?

Mr. BOUCK. Yes; I have the inspection reports before me, and both 300 and 301 are of the Oman Construction Co.

Mr. FULTON. So the 300 shovel that Mr. Stanfiel wrote about, which you were told it was none of his damned business, is the shovel listed here with a valuation new of \$10,500, on which the Oman Construction Co. spent \$4,309 of the Government money fixing it up?

Mr. BOUCK. May I tie that into a previous testimony here?

The CHAIRMAN. Yes.

Mr. BOUCK. You will remember when Stirton Oman, Quin Flowers, and myself were with Captain Carlton and he made that remark about the chief tool inspector's having no business on the grounds. That was one of the happenings afterward. It directly ties into that.

Mr. FULTON. I have here a letter of May 31 from Major Brewer, construction quartermaster, with regards to this same shovel 300, saying [reading from Exhibit No. 177"]:

These instructions are issued in connection with your report on Lorraine-Diesel shovel No. 300. Due to the circumstances surrounding the rental agreement on this shovel and the information contained in your report, you are directed to approve the repair of this shovel in the following manner:

Place the shovel in workable condition by replacing all of the used parts which are not completely worn out and using such new parts as are absolutely necessary. When this is accomplished, you will make an additional report to me with a view to releasing this piece of equipment.

(The letter referred to was marked "Exhibit No. 177" and is included in the appendix on p. 3334.)

Mr. FULTON. So the constructing quartermaster ordered you to allow them to repair that shovel; is that correct?

Mr. BOUCK. I believe he qualified it in there, if I understood it, "such repairs as are absolutely necessary."

Mr. FULTON. Yes; but in other words, with a limitation that they couldn't do more than put it in operation. But from the time element that you checked there, were you of the opinion that that shovel cannot have been in good condition when it went on the project?

Mr. BOUCK. That is correct, exactly.

Mr. FULTON. So it was worn out when it came?

Mr. BOUCK. It was worn out when it came, and going on further with the picture, I believe you will find, yes, there were \$4,000 spent on it after I wanted to release it.

Mr. FULTON. More than half of the alleged valuation of the shovel?

Mr. BOUCK. Yes.

Mr. FULTON. I show you another report to you from Mr. Stanfiel and ask you if you recognize it.

(The report referred to was marked "Exhibit No. 178" and is included in the appendix on p. 3335.)

Mr. FULTON. Well, this report says:

Ferguson-Oman have been told to keep some kind of record on light equipment but they have refused to do it. There has not been any kind of a record on the small equipment; the pick-ups, station wagons, and cars have been accounted for as to hours they work. In fact, I don't even know that they are all here.

As a matter of fact, did you ever check up to find any of them out at a well-known fishing place out here?

Mr. BOUCK. I found them in rather curious places. Yes.

Mr. FULTON. Would you tell us some of the places that Ferguson-Oman Co. were working this equipment at Government expense?

Mr. BOUCK. I didn't catch them working it, as you put it.

Mr. FULTON. I mean, were renting it, receiving rent for it while it was supposed to be on this project.

Mr. BOUCK. We made a check up at different times and we found the station wagon over in Jackson, that apparently had been there about a week. Somebody apparently missed it by number, and we started out looking for it, and found it, over there. And then another item, of a station wagon found down in Florida.

I used those two instances as illustrations to both Major Brewer and some of the inspecting auditors from the zone as a concrete reason why they ought to keep a daily auditing check on this equipment.

The CHAIRMAN. This car made the trip to Florida at Government expense? The Government paid rent on the auto all the time it was gone?

Mr. BOUCK. That does not accrue to the contractor; that is, the blame on that. Upon going into it we found that an employee went out on a party, apparently, anyway; there were whisky bottles in the unit when it was picked up.

The CHAIRMAN. It wound up in Florida. That was not the fault of the contractor?

Mr. BOUCK. No.

Mr. FULTON. I am happy you corrected that. If the contractor had a check-up every day, I don't know how it could get to Florida without his knowing it.

Mr. BOUCK. That is one of the reasons.

Mr. FULTON. When you say it wasn't the fault of the contractors, you mean Mr. Ferguson didn't drive it down there, not that Mr. Ferguson didn't make records or check-ups which would have prevented its being checked?

Mr. BOUCK. If you say it that way, that is correct.

Mr. FULTON. Because no one is suggesting that Mr. Ferguson drove it there, but the suggestion that you made and the charge that you make is that no records were made to see to it that such things were being kept.

Mr. BOUCK. Yes.

Mr. FULTON. And when you asked that they be kept, they refused to do so?

Mr. BOUCK. Yes. That ties into Mr. Harrison's predicament.

Mr. FULTON (reading from Exhibit No. 178):

So, anytime you want to find some of them, you will find plenty in all of the towns around here. These trucks should stay on the reservation when not working. Then someone could use them for an 8-hour shift. The keyman in each department should have his car or other transportation in case he has to come out at night, but not let everyone have their truck. The Government is not buying these trucks for the employees to go joy riding. They are to be used for the work. The general attitude of the foremen in the transportation and equipment department is that they are going to run this job the way they want it run. The same trouble exists at the truck lot where we have three checkers. There is no cooperation with our men to let them get records on heavy trucks.

Did you make a complaint about that?

Mr. BOUCK. Yes; and that was remedied.

Mr. FULTON. What kind of records were set up then?

Mr. BOUCK. Mr. Harrison finally established a comprehensive report, based on an 8-hour shift, showing to whom the truck was assigned, the foreman, what it worked at, and who the driver was, if I remember correctly. It met Government specifications as I interpret them, and I wanted to extend that particular system to the light equipment.

Mr. FULTON. You got numerous other reports from Mr. Stanfiel with regard to his equipment worn out on a project before it came to the project and repairs that shouldn't have been necessary, did you not?

Mr. BOUCK. Yes, sir.

Mr. FULTON. For example, here is truck 2274:

It came into the shop with a rear end and transmission completely worn out. This truck has only 9,000 miles on it. Everything in the rear end cannot wear out in this short time, but there was not a thing that was not worn out. From the way things are going and the instructions that the foremen are getting in regard to this equipment, the fact is that there must have been some kind of break in the oil.

(The report referred to was marked "Exhibit No. 179" and is included in the appendix on p. 3335.)

Mr. FULTON. Did you check on that charge?

Mr. BOUCK. Yes; very, very thoroughly. We got the Standard Oil Co. out there. Their representatives sent samples of that particular

oil. The oil was in drums. We had it in stock. We sent it back for analysis. And we also sent those particular gears and propeller shaft back to the, I believe it was Chevrolet, sent it back to their laboratory to see whether or not the metal was defective in it. We went into that carefully and that is possible.

Mr. FULTON. What did you find on that, that the oil was all right—

Mr. BOUCK (interposing). As far as the Standard Oil Co. was able to determine, it was all right, and it resolved itself into one of those problems where we couldn't determine whether it was sabotage in that particular instance, that somebody put some dust in it.

Mr. FULTON. Maybe it was just careless operation of the truck?

Mr. BOUCK. In view of the fact of the few miles that it had on it, I don't believe, sir, that you could charge it to the careless operation, because the gears and shafts are very clear in my mind.

Mr. FULTON. There is a report here from Mr. Jessup to you with respect to welding. They were trying to put in a new cylinder block worth \$155 when the old part could be and was welded for \$20.

(The report referred to was marked "Exhibit No. 180" and is included in the appendix on p. 3336.)

Mr. FULTON. Did you find other instances where the neglect of standard methods of repairing materials and just put in new equipment without paying any attention to savings that could be made by utilizing the old?

Mr. BOUCK. May I elaborate on that particular instance just a little bit? We had more or less to educate the contractor to use welding facilities rather than buy new parts, because any thinking person can look ahead and determine that steel would soon be awfully hard to get, and wherever welding could be done, even though it weren't quite as good as the new part, it should be used. A half-worn gear or a third-worn gear, shouldn't be thrown away unless it were operating like a timing gear where everything has to be precise. And for that reason, I believe the contractors finally took it upon themselves and did so much welding that the zone complimented them in that particular instance.

That was due to Mr. Jessup's continual education along that line, using welding rather than buying new parts.

Mr. FULTON. A similar thing relating to relining a block instead of putting in an entire new block, resulting in a saving of \$275; \$25 were spent instead of \$300.

(The report referred to was marked "Exhibit No. 181" and is included in the appendix on p. 3336.)

Mr. BOUCK. That is just by the knowledge of knowing how to do it. Mr. Jessup was finally able to convince the people down at the heavy equipment barn that that could be done. And it was done and has been done many times since.

Mr. FULTON. The whole purpose of hiring a contractor at Government expense, and paying a fixed fee of several hundred thousand dollars is to get to know how?

Mr. BOUCK. Yes.

Mr. FULTON. And he shouldn't have to be told that?

Mr. BOUCK. He shouldn't, but it takes direction and administration to make that come about.

Mr. FULTON. With respect to not only the men you have referred to, but I note here a Mr. Magee made complaint to the effect that every indication since the beginning of the job seems to be that all contractors' men are instructed to accept suggestions from Government representatives and then go ahead and do as they originally started.

(The report referred to was marked "Exhibit No. 182" and is included in the appendix on p. 3337.)

Mr. BOUCK. You are getting into deep water there.

Mr. FULTON. Apparently, the whole organization was complaining to you that their suggestions were not being followed.

Mr. BOUCK. That is correct.

The CHAIRMAN. Didn't the constructing quartermaster try to back you up at all in these instructions?

Mr. BOUCK. He did. He walked the floor with me many a day.

Mr. FULTON. Would you be able to tell us anything concerning small tools? First, the reasons why the Government should buy those instead of having the workmen carry their own regular tools as workmen usually do, and second, as to where they are today and how many there are?

Mr. BOUCK. As to your first point, your mechanics in the higher orders are paid a high salary, and that is to include the tools of his trade, at least that is so in a general manner. He is to provide his own particular tools, the same as a brick mason has his trowel and the plumber probably has his basic tools. Either because of the scarcity of help and the scarcity of people with that equipment, or for other reasons, a great many tools of that nature were procured through the contractor which immediately became the property of the United States Government when it was received at the job site.

I determined early in the game that there were very few, if any, basic records with regard to the small tools, such as steel saws and things of that nature that might run up into \$40 or \$50, but which are easily slipped under the coat and in the back of a car and taken away. For that reason, I attempted to have the contractor's property officer, as he was called, establish records, accountability records, of these small tools that we knew were delivered to the area because the Government had, in most cases, inspection and receiving reports. I was never able to see any conclusive records or records that could be used as accountability records compiled by the contractor. For that reason, our particular section started out compiling records on small tools on our own hook rather than following the instruction of the Construction Division Manual which says the chief tool and equipment inspector shall keep a close watch over the contractor's tool room.

I could carry this further. I have many items down in black and white, and they are available or were at the time I left, and were available nowhere else. The reason for that is that at the end of the job somebody has to pay for the small tools that can't be accounted for, and I wanted the contractor to initiate sufficient control and accountability of it so that they would know where they went, and if a particular foreman was charged out with half a dozen tools and he couldn't produce them, I wanted him to have that particular amount taken out of his pay check or the constructing company to pay for them at the end of the job, when the job was wound up.

Mr. FULTON. With respect to those five Euclid trailer wagons that were to be put on the job at \$9,500, Mr. McCarthy stated that you were

the man who stopped that rather than himself.¹ Would you tell us the facts on that?

Mr. BOUCK. Yes. I don't remember the date they came in. I will place it about the middle of June, when five very ancient Euclid power trailer dumps appeared at the heavy-equipment barn. A day or two later we were informed that they were prime contractor-owned equipment and that they would go out and inspect them and put them on the job because they were needed immediately. I had heard some rumors about them, so I went out and inspected them personally and determined from their serial numbers that they were among the first Euclids built, and that they had had hard and long usage, and I wouldn't accept them at any price. If they had given them to us, I still wouldn't have repaired them for the work that we could have gotten out of them.

Mr. FULTON. Were those being offered by the contractor, the Oman Co. itself?

Mr. BOUCK. Yes, sir.

Mr. FULTON. And they were in bad condition to begin with and if accepted would have had to be repaired at Government expense?

Mr. BOUCK. They did. To complete this, about 2 weeks later, Mr. Oman, myself, Mr. Jessup, and one or two of the master mechanics in the employ of the Ferguson-Oman Co. went down and made an exhaustive inspection of these particular trailer dumps, and it was determined at that time that it would take at least \$2,000 each to put them in workable condition.

Mr. FULTON. What was the valuation that the Oman Co. suggested that it would like to put these trailer wagons in, on Government rentals?

Mr. BOUCK. They established no particular valuation. They asked if they come in for a certain sum——

Mr. FULTON (interposing). Ninety-five hundred dollars?

Mr. BOUCK. That I don't remember. Because to my mind, I had already established that I didn't want them at any price. But I do remember that they established one price and then they asked that we take a lower price.

Mr. FULTON. Did you check up to find out how much the Oman Co. had paid for those at the sheriff's sale?

Mr. BOUCK. I made some inquiries on it, and while I didn't see a bill of sale, a tax receipt, I understand that it was in the neighborhood of \$800 each.

Mr. FULTON. Against 9,000 more that they were suggesting?

Mr. BOUCK. Yes. I wouldn't vouch for that 9,000.

Mr. FULTON. Anyhow, you blocked those, and they were not taken in?

Mr. BOUCK. As long as I was there I don't believe Mr. McCarthy has had any change of heart in it either.

Mr. FULTON. I noted here a letter of yours with respect to a tractor that Oman put on the job at \$1,750, and they valued it themselves in their own books at \$340. If it had drawn rent up to the end of August it would have amounted to \$796, more than twice the valuation at which they carried on their books—item after item of that kind.

¹ Supra, p. 3028.

though not necessarily that bad, but items that you disputed and objected to.

Mr. BOUCK. Yes; that is right.

The CHAIRMAN. Have you anything to add to your testimony that you have given so far?

Mr. BOUCK. I would like to tie in the testimony that was brought out by your committee this morning interrogating Mr. McKay. Time and time again we have set up procedure that was normal in everyday life as far as accounting and accountability and taking care of time and one thing and another like that; it is just a proposition of doing it because it is necessary. If you are in private business, you are spending a certain amount of money, you want to know what it was spent for and what disposition was made of it.

The CHAIRMAN. It looks to me, if the contractor was looking after the Government's interest as it should have been, he would have set up this set of books without being forced to it by the Government.

Mr. BOUCK. That is true. The point I am trying to make though, is this. We set up time after time these particular items, brought them to the attention of our superiors, even going down to the zone. We had inspectors and officers out of the Inspector General's office, men from the zone, and men from Washington. All of them find nothing wrong with our procedure. It was used every day. When we tried to get it through, something always happened, and the constructing quartermaster turned it down, either from higher authority or on his own responsibility.

The CHAIRMAN. That constructing quartermaster was Major Brewer?

Mr. BOUCK. He was the majority of the time I was there. Captain Hofto was there a couple of weeks prior to the time I left. I had no connection with him.

The CHAIRMAN. That is all. The contractor will be given an opportunity to testify before this committee when it meets in Washington a week from tomorrow on Wednesday of next week. If he desires to clear this record and can show a reason that these facts that have been brought out are not facts, we will be glad to give him a chance to do that. I am extremely sorry that this committee has had a serious handicap due to the fact that its principal witnesses did not arrive on Monday morning as they were intended to do. Two of them aren't here yet. The present witness testified that he hadn't received notice until yesterday that he was to be here. For that reason, Senator Brewster had to leave. The chairman of the committee doesn't like to hold a hearing of this importance alone. Therefore the committee's next meeting on this subject will be in Washington on next Wednesday, a week from tomorrow.

I am going to say right now that we will expect Mr. Thomas to be there. We will expect Mr. Helzel to be there. We will expect Major Hofto to be there, without fail. And if the contractors desire to be heard at that time, we will be pleased to give them a chance to be heard, at that time or on the following day whenever we can get to it. You should bring the witnesses with you, when you do come, that the committee is interested in hearing.

Mr. MANIER. May I make a single statement of a sentence with reference to those five Euclids which this witness has just testified were offered to the Government at \$3,500 each, and could not be repaired?

Mr. FULTON. I think it was ninety-five hundred and—

Mr. MANIER (interposing). Ninety-five hundred and could not be repaired while it remained on the project until about a month ago without repairs, and were sold for \$20,000. Mr. Oman is in a position to explain that.

The CHAIRMAN. We will give him a chance to explain that when he appears as a witness before this committee. I want to say to the contractor that unless he can make a showing, I am going to suggest to the Army that they take steps to recover from this contractor, the hundreds of thousands of dollars that apparently have been wasted on this project in equipment rentals, purchases, and overcharges and on roads and building construction, and in the general inefficiency and negligence apparently displayed on this job by him. We are going to give him a chance to be heard. But unless he can make a case, that recommendation will be made to the Army by this committee. The committee will stand adjourned until a week from tomorrow.

Mr. MANIER. We will be prepared to make a case.

The CHAIRMAN. You'd better.

(Whereupon, at 3:55 p. m. the committee adjourned until Wednesday, November 26, 1941, in Washington, D. C.)

INVESTIGATION OF NATIONAL DEFENSE PROGRAM

WEDNESDAY, NOVEMBER 26, 1941

UNITED STATES SENATE,
SPECIAL COMMITTEE TO INVESTIGATE
THE NATIONAL DEFENSE PROGRAM,
Washington, D. C.

The committee met at 10:33 a. m., pursuant to adjournment on Tuesday, November 18, 1941, in room 318, Senate Office Building, Senator Harry S. Truman presiding.

Present: Senators Harry S. Truman (chairman). James M. Mead, Joseph H. Ball, and Carl Hatch.

Present also: Mr. Hugh A. Fulton, chief counsel; Mr. Charles P. Clark, associate chief counsel.

The CHAIRMAN. The committee will come to order.

General Somervell, you have been sworn by this committee.

TESTIMONY OF BRIG. GEN. BREHON SOMERVELL, CHIEF, CONSTRUCTION DIVISION, OFFICE OF THE QUARTERMASTER GENERAL, WAR DEPARTMENT—Recalled

General SOMERVELL. Mr. Chairman, I merely wish to say that I think we have produced all the witnesses that you wanted to examine, and I just want to assure the committee that we wish to cooperate with you in every way possible, and if the evidence which is available this morning is not sufficient, we will, of course, be glad to do anything in our power to cooperate with you in every way we can.

The CHAIRMAN. Thank you, General.

Is Mr. T. D. Thomas in the room?

General SOMERVELL. Major Davidson, whom you know, I think, is here, and you can call on him for anything you want.

The CHAIRMAN. Thank you very much, General.

Mr. Thomas, do you solemnly swear to tell the truth, the whole truth, and nothing but the truth in the testimony you are about to give before this committee?

Mr. THOMAS. I do.

The CHAIRMAN. Be seated and give your name and connections to the reporter, please.

TESTIMONY OF THEODORE D. THOMAS, FIELD AUDITOR OF THE QUARTERMASTER CORPS, FORMERLY CHIEF FIELD AUDITOR, WOLF CREEK ORDNANCE PLANT, MILAN, TENN.

Mr. THOMAS. Theodore D. Thomas, field auditor of the Quartermaster Corps.

Mr. FULTON. Before starting, we might put into the record, at the request of the president of the Memphis Trades and Labor Council, Mr. Lev G. Loring, a statement that—I quote:

The labor unions who have jurisdiction on the Wolf Creek ordnance plant have at all times conducted themselves in an honorable manner, and there have been no so-called rackets, and the unions are open for investigation by parties concerned. If there were any rackets in the labor movement, we would be one of the first to correct it, if brought to our attention.

(The letter referred to was marked "Exhibit No. 183" and is included in the appendix on p. 3337.)

The CHAIRMAN. Mr. Thomas, you were the chief project auditor on the Wolf Creek ordnance plant when construction was started, were you not?

Mr. THOMAS. I arrived there shortly after construction was started. I arrived there on February 12.

EQUIPMENT PURCHASE AND RENTAL PROCEDURES

The CHAIRMAN. I wish you would tell this committee some of the difficulties you had in setting up the proper books and procedure on that job.

Mr. THOMAS. Well, there was obviously a great deal of confusion in the offices of the contractors, and our main difficulty at the very beginning had to do with the purchase orders. It seemed to be almost impossible to get the purchase-order situation in hand.

Mr. FULTON. I show you a letter, dated March 10, 1941, and ask you if it is a copy of a letter which you sent.

Mr. THOMAS. Yes, sir; that is a letter I dictated.

(The letter referred to was marked "Exhibit No. 184" and is included in the appendix on p. 3337.)

Mr. FULTON. As a matter of fact, you might look through these papers which the committee has obtained from Memphis and tell us whether those are copies of papers known to you, keeping them in the order in which they are set forth there.

Mr. THOMAS. I am familiar with all of those, and the ones that show my signature I dictated.

Mr. FULTON. You were speaking about purchases and difficulties that were being had at the outset there. The first paper was an inter-office memorandum from you to the project manager of the Ferguson-Oman Co., dated March 10, 1941, in which you point out that they have not even numbered the purchase orders. What importance did you attach to that?

Mr. THOMAS. Well, the numbering of purchase orders from our point of view is very important in order that we may determine as to whether we have received copies of all the purchase orders. If there is no numerical order, we are not in position to know whether we received all of them or not, or whether there are some duplications. It is quite confusing.

Mr. FULTON. The committee in Memphis noted one order which looked as though there might have been duplication; that is, payment twice on one receipt of merchandise. Was it for that purpose that you wanted to have all purchase orders numbered chronologically?

Mr. THOMAS. Primarily; yes, sir.

Mr. FULTON. Well, in a memorandum to Captain Horridge on March 21, I note you take up the question of the contractor's lack of understanding of the Government requirements with respect to discounts and discount periods, from which I understand that it was your opinion that the contractor was not giving you information concerning the discounts that he was receiving on materials.

Mr. THOMAS. Yes; or he might be receiving or losing the discount. We felt that an important part of the contract, that the Government was a party to the contract, and that they should know all the terms of the contract.

(The memorandum referred to was marked "Exhibit No. 185" and is included in the appendix on p. 3338.)

Mr. FULTON. And that would be particularly important to see to it that discounts for large orders were obtained.

Mr. THOMAS. Yes, sir.

Mr. FULTON. It might amount to a good many thousands of dollars. Did the contractor furnish you information on those matters, or what was the reason for your taking the position that there was a misunderstanding about it?

Mr. THOMAS. Well, I may have been a little overpolite in using the word "misunderstanding." I felt that we were probably not receiving the full information that we should receive. There was quite a little juggling around that can be done with discounts. The Government might be compelled to lose discounts that they didn't know anything about, or the factory could take discounts. The Government can suffer quite extensively in that manner, the same as they can in any other manner in connection with a contract when they don't know the full terms of the contract.

Mr. FULTON. Had you asked for information from the contractor which was not given to you?

Mr. THOMAS. At that time; no.

(A list of contracts for investigation was marked "Exhibit No. 186" and is included in the appendix on p. 3339.)

Mr. FULTON. Now, with respect to the possibility of purchasing at a discount or purchasing even locally at the correct price, the committee was particularly interested in three Pontiac sedans that came on to the project about April 5, two of them being driven there from Camp Wolters, Tex., by Miss Alma Campbell and Mr. Gilbert Olson, as advance agents for the constructing quartermaster, Major Brewer, and the third being Major Brewer's own Pontiac sedan. We note that the Government recaptured those Pontiacs at \$1,448, and that they could have been purchased locally at slightly in excess of \$1,000. Did you notice any facts with respect to those Pontiacs at that time?

Mr. THOMAS. Well, you practically have my story on that, because I believe two of them were recaptured at about \$1,453 and another one at \$1,448.

Mr. FULTON. Yes; two for \$1,448 and one for \$1,395.

Mr. THOMAS. I probably had them reversed. I am speaking from memory. In our investigation, the slight investigation we made at the time, we were convinced that those cars could have been purchased right at the site of our plant for approximately \$1,050, I believe, new.

PERSONNEL PROBLEMS

Mr. FULTON. By what right would Miss Alma Campbell, who I understand had been a hostess in a hotel at Mineral Wells, be provided with a Pontiac at Government expense?

Mr. THOMAS. I wouldn't be able to answer that question the way it is put. I don't know why she should have had any car at all.

The CHAIRMAN. Who was this Miss Campbell?

Mr. THOMAS. She was secretary to Major Brewer.

The CHAIRMAN. Did Major Brewer bring her on the job with him?

Mr. THOMAS. I believe so; yes, sir.

Mr. FULTON. Who was Mr. Gilbert Olson, and by what right would he have a Pontiac assigned to him?

Mr. THOMAS. Well, Gilbert Olson was on the pay roll, with the title of project coordinator, and he functioned under the title of aide to the constructing quartermaster. I would believe that if such an assignment were necessary, whoever held that assignment would really be entitled to a car—to the use of a Government car.

Mr. FULTON. When you speak of the pay roll, you mean the contractor's pay roll which was reimbursed by the Government?

Mr. THOMAS. Yes, sir.

Mr. FULTON. I note that the contractor was authorized to place Mr. Olson on his pay roll as a project coordinator at a salary of \$750 a month by Major Brewer.

Mr. THOMAS. That is true.

(The authorization referred to was marked "Exhibit No. 187" and is included in the appendix on p. 3339.)

Mr. FULTON. The contractor already had a project manager at Government expense, did he not?

Mr. THOMAS. Well, he had a project manager, but the Government did not pay the project manager's salary.

Mr. FULTON. What would be the authority for having a project coordinator in addition to a project manager?

Mr. THOMAS. Really, I wouldn't know. I protested that from the very beginning—the appointment of Mr. Olson.

The CHAIRMAN. Did Mr. Olson have a commission in the Quartermaster Corps?

Mr. THOMAS. Not to my knowledge. He was a civilian employee.

Mr. FULTON. Did he issue instructions and orders with respect to various matters, this so-called project coordinator?

Mr. THOMAS. Yes. His word was law around there.

Mr. FULTON. For example, I note here that he specified in a directive that a Mr. Gullidge should be entered on the pay roll records as of a certain date—April 12—directing it to the timekeeping department of the ordnance plant. Were such directions common by him?

Mr. THOMAS. Mr. Olson, you mean?

Mr. FULTON. Yes.

Mr. THOMAS. Oh, yes; that was quite usual.

(The directives referred to were marked "Exhibits Nos. 188 to 190" and are included in the appendix on pp. 3339–3340.)

Mr. FULTON. And other directives here indicate that he even authorized various people to make trips. In one here particularly, Mr. Bouck was directed to go to Rolla, Mo. Was Mr. Bouck an employee of the contractor?

Mr. THOMAS. Mr. Bouck was the chief tool and equipment inspector under the supervision of the field auditor.

Mr. FULTON. Of the Quartermaster Corps?

Mr. THOMAS. Of the Quartermaster; yes, sir.

(A letter regarding the assignment of personnel was marked "Exhibit No. 191" and is included in the appendix on p. 3340.)

Mr. FULTON. Does that mean that Mr. Olson, an employee of the contractor, undertook to give directions and orders to the employees of the Quartermaster?

Mr. THOMAS. Mr. Olson was really functioning in the Quartermaster Corps, supposedly, although he was on the contractor's pay roll.

Mr. FULTON. Had he taken the oath which is required of Government employees?

Mr. THOMAS. I have no knowledge of that. I assume that he had.

Mr. FULTON. As we understand it, he had not, on the theory that he was a contractor's employee, and yet you say he was in the Quartermaster's office, issuing instructions to the Quartermaster personnel.

Mr. THOMAS. Oh, indeed. His desk was just outside Major Brewer's office.

The CHAIRMAN. Where did he come from? Did Major Brewer bring him with him?

Mr. THOMAS. He arrived there in advance of Major Brewer. Both he and Alma Campbell arrived about a week before Major Brewer arrived.

The CHAIRMAN. Did they come from Texas?

Mr. THOMAS. Yes, sir; that is my understanding.

Mr. FULTON. I note that Major Brewer also put on the pay roll a Mr. Gullidge, at \$125 a week, with the title of transportation coordinator.¹ Was there any such job as that at that time, or was that specially created?

Mr. THOMAS. Well, my belief is that it was created; yes, sir. I would know of no reason for such an assignment.

Mr. FULTON. Was transportation in fact coordinated by this Mr. Gullidge?

Mr. THOMAS. No; I don't know exactly what the duties would be of a transportation coordinator. We had a very efficient transportation and traffic department in the field audit. The contract also had a very large traffic department.

Senator HATCH. Do you know just what this transportation coordinator did?

Mr. THOMAS. Well, I know of a few things that he did. I don't know what he did all the time.

Senator HATCH. I mean what were his duties? Generally, what sort of work did he perform?

Mr. THOMAS. Well, he was out in the field a great deal, just going around, talking with the workmen. I really would be unable to tell you any duties that he performed. I know I had occasion to run into some of his activities at different times.

Mr. FULTON. I note also that Major Brewer ordered the employment of a Mr. Barbee, at \$60 a week, to work on historical records, and that he set up fire and police inspectors at \$3,200 each—Mr. Earley and

¹ See Exhibit No. 188, appendix, p. 3339.

Mr. Hazeltine—likewise so employed. And Mr. Marshall was hired as senior superintendent of construction at \$4,600 a year, likewise at the request of Major Brewer. Did you take any position with respect to the authority to hire these various people for these salaries?

(The documents referred to were marked "Exhibits Nos. 192 to 194" and are included in the appendix on pp. 3340-3341.)

Mr. THOMAS. Yes, sir. Mr. Barbee was hired in connection with a completion report, which is more or less a worry; and that, I understand, is all that he has done since he has been there. He is still there, I believe.

Mr. FULTON. Still receiving Government pay?

Mr. THOMAS. Yes, sir; I believe so. I saw him there last Wednesday.

Mr. FULTON. And with respect to Mr. Gullidge, on May 9, I notice, Major Brewer again directed the Ferguson-Oman Co. that this letter was "their authority to keep Mr. Gullidge on the pay roll until further notice." Why did you take the position that these men should not be hired?

Mr. THOMAS. Well, of course, I protested Mr. Olson's employment first. In spite of the fact that I thought the job really wasn't there, it seemed inconsistent, anyhow, to put a man on a contractor's pay roll and have him function under the constructing quartermaster. It seemed to me, as I explained to the major, I thought that in that one act alone he had rather compromised himself in his connection with the contractor.

Mr. FULTON. There is a provision in the Government manual for the Construction Division, is there not, to the effect that the constructing quartermaster will not tell the contractors how to do the work, employ or select personnel for the contractors, or do work on the project with his own forces?

Mr. THOMAS. That is true; and I wrote a letter—I don't remember who the letter was directed to, whether it was the major or the contractor, but it was sent through the constructing quartermaster—calling their attention to that provision.

(The letter referred to was marked "Exhibit No. 195" and is included in the appendix on p. 3341.)

Mr. FULTON. That was a letter to Mr. Atkin, the project manager, a copy of which you sent to Major Brewer.

Mr. THOMAS. Well, I transmitted the entire letter through Major Brewer.

Mr. FULTON. And you took the position that under this particular instruction in the Government manual, it was improper for Major Brewer to be employing or selecting personnel for the contractors?

Mr. THOMAS. I finally took that position, after I had used all the other arguments that I thought were based on just good business. It took me quite a while to do that.

Mr. FULTON. Were those individuals still retained, nevertheless?

Mr. THOMAS. Yes, sir.

Mr. FULTON. Some of them are still there?

Mr. THOMAS. I believe that Dillard O. Marshall is still there, and that Mr. Barbee is there. Mr. Marshall merely functions in the capacity of assistant to Lieutenant Bruce, who is the purchasing officer. It is rather a large salary for an assistant to a purchasing officer.

Mr. FULTON. So an assistant to a lieutenant is getting \$4,600?

Mr. THOMAS. Yes, sir.

Mr. FULTON. Do you know what the lieutenant's salary is?

Mr. THOMAS. Well, I will have to confess, I don't know exactly what it is. I know that it is not very great.

The CHAIRMAN. The base pay is about \$150 a month, isn't it?

Mr. FULTON. Are you familiar with General Somervell's direction in Construction Division letter No. 286?

Mr. THOMAS. Yes, sir.

(The letter referred to was marked "Exhibit No. 196" and is included in the appendix on p. 3342.)

Mr. FULTON. With respect to additional functions to be assumed by Government personnel?

Mr. THOMAS. Yes, sir.

Mr. FULTON. Reading that letter, I note that he specifically directs that a number of functions are to be transferred from the contractor to the Government's staff, which is to be primarily on new fixed-fee projects, but which is to be undertaken also on existing fixed-fee projects where the constructing quartermaster and the field auditor are to approach the contractor. Now, among other things, those new functions were to be the time-checking in the field, the preparation of original pay rolls.

Mr. THOMAS. Yes, sir.

Mr. FULTON. That was to be done by the Government instead of the contractor?

Mr. THOMAS. That function was to be taken over by the field officers.

Mr. FULTON. And there was also to be an inspection and checking of materials received.

Mr. THOMAS. Yes, sir.

Mr. FULTON. Which, after all, of course, was being paid for by the Government. And of tools received, and of equipment rentals, and preparation of rental rolls, and auditing of sellers' invoices, and auditing of transportation bills. Did you approach the constructing quartermaster and the contractor with respect to having the Government assume those functions of checking those particular things as directed here by the general in charge of the Construction Division?

Mr. THOMAS. Well, if I remember correctly, when that Construction Division letter came through, it instructed the constructing quartermaster to take the field auditor with him and approach the contractor on the subject.

Mr. FULTON. It specifically says that—

The constructing quartermaster, with the assistance of the field auditor, will approach the contractor.

Mr. THOMAS. Yes. Well, I received the letter, and I waited several days for the constructing quartermaster to say something to me about it. The first information I had then of any activity was a copy of a letter that came through to me that the constructing quartermaster had written in to Washington, stating that it was not practicable out there. So I directed a letter to him, offering my objection to his attitude in taking the matter up with the contractor without taking me along with him.

The CHAIRMAN. The committee has contended all the time that it is the business of the auditing department and the constructing quartermaster both, and also the duty of the contractor, to check all these things. The contractor is just as much an employee of the Government as the constructing quartermaster is, and when he takes a fixed-fee contract he is in the same relationship with the Government as the constructing quartermaster is. It is his business to see that Government money is saved just the same as it is the business of the constructing quartermaster to see that it is saved.

Mr. THOMAS. The field auditor frequently gets placed in a very disadvantageous position. There is so much talk and everything that he is soon looked upon as an obstructionist, whereas if he is permitted to cooperate and counsel with both the contractor and the constructing quartermaster, he can become an expediter, in fact, instead of an obstructionist. He is so often looked upon as the fellow who is holding up the job.

Mr. FULTON. Were those functions taken over by the Quartermaster Corps, or did they continue to be done by the contractor?

Mr. THOMAS. Well, they continued to be a function of the contractor as long as I was there.

Mr. FULTON. As a matter of fact, was your staff of auditors cut or reduced during the time that you were field auditor?

Mr. THOMAS. Well, yes. We had a very sad experience on the last of May. I had a staff of 130 people at that time, and I was just preparing to try to increase that up to 200, if it were possible, because the thing was just simply getting to be too much for us. There were so many difficulties that we just couldn't keep up with the procession. Just about the time I had my request in for an increase, the instructions came through from Washington to reduce. Those instructions came on Saturday, I think—maybe Saturday afternoon—on May 30, and I was compelled, even in that crisis that I was in then, to reduce the field audit staff from 130 to 90 people, and I had to let those people go. They couldn't go back to work on Monday morning, so they were terminated over Sunday, and I couldn't even tell them about it until they came to work Monday morning.

Mr. FULTON. And they weren't transferred to other work?

Mr. THOMAS. Not in the field audit. Those people were not.

Mr. FULTON. In other words, they were just cut off from their jobs?

Mr. THOMAS. That is right.

Mr. FULTON. Did that leave you with sufficient personnel to check on the contractor's activities?

Mr. THOMAS. Well, that left the field-audit staff just simply impotent. We just couldn't function.

The CHAIRMAN. Did this order come from Washington?

Mr. THOMAS. I understand so; yes, sir.

Mr. FULTON. Would you give us some specific instances of the cooperation, or lack of cooperation, that you got from the contractor's organization with respect to various records, such as those on equipment or transportation?

Mr. THOMAS. Well, the files out there are full of objections that were sent in and protests that were sent in to me by Mr. Bouck—he was the chief tool and equipment inspector—of occasions where he had

been refused access to the records. That happened many times. I am unable at this time to cite dates.

Mr. FULTON. Were these various people working under you? Mr. Helzel, chief time inspector; Mr. Jones, senior equipment inspector; Mr. Stanfiel, senior equipment and tool inspector; Mr. Jessup, senior equipment and tool inspector; Mr. Pirtle, light equipment garage; Mr. Stirling, commissary auditor; Mr. Harrison, transportation inspector; Mr. Ackerman, tool and equipment inspector.

Mr. THOMAS. Yes, sir; all of them.

Mr. FULTON. Did you find that your work was increased, that the amount of work that had to be done was increased by reason of the failure to cooperate in making records and papers available to you?

Mr. THOMAS. Unquestionably; yes, sir.

Mr. FULTON. What amount would you say that was, if you can say?

Mr. THOMAS. Do you mean a percentage or in dollars?

Mr. FULTON. In any way you can estimate it.

Mr. THOMAS. Well, that is rather difficult to cover the whole period. There were occasions, of course, when our work would be doubled for a short period, so it is just a little bit difficult for me to say what the percentage would be, and of course it would be impossible to say what it would be in dollars over the whole period.

Mr. FULTON. But you have no doubt that the work was vastly increased by reason of inability to get records and facts at the times that they were requested.

Mr. THOMAS. Oh, no doubt; no doubt.

Mr. FULTON. Are you familiar with the commissary operations? In the first place, what is the commissary on a project of that kind?

Mr. THOMAS. Well, of course, on some projects the commissary is a very large phase, but in this one it wasn't so large. It consisted of a restaurant and a few stands that sold cigars and candies.

Mr. FULTON. Soft drinks.

Mr. THOMAS. Soft drinks.

Mr. FULTON. Well, was Mr. Stirling the auditor of the commissary?

Mr. THOMAS. Yes, sir; he was in charge of that.

Mr. FULTON. Did he make a report to you on May 20 with respect to the operations of the commissary?

Mr. THOMAS. He did.

(The report referred to was marked "Exhibit No. 197" and is included in the appendix on p. 3343.)

Mr. FULTON. A Government commissary is supposed to be run without profit and without expense to the Government, is it not?

Mr. THOMAS. True; yes, sir.

Mr. FULTON. Well, in this report he indicates that a number of the individuals who were employed in this commissary were really put on the pay rolls of the Ferguson-Oman Co. and consequently were ultimately being paid by the Government.

Mr. THOMAS. That is true; yes, sir. I think we hadn't reached that as far as we went in the investigation. You know, we have so much current work that to make a real investigation is almost impossible.

But there were four people there, as I recall it, that were on reimbursable pay rolls, who were commissary employees; and I think the total amount that we arrived at was \$2,300 that was paid to those people.

Mr. FULTON. Out of a pay roll of \$1,030 here, I note that the Ferguson-Oman pay roll was \$370, so that more than a third of the entire pay roll—in other words, \$370 a week—was being paid by the Government for this commissary.

Mr. THOMAS. Yes; that is true; and in addition to that, I think there were two pick-up trucks that were used almost exclusively for commissary work, and the contractors were reimbursed for the rentals on those trucks and for their servicing and operation and the salaries of the operators. I don't know whether that has ever been adjusted or not.

Mr. FULTON. And then with respect to the pay roll, it was continued; that is, it was being paid out of the commissary cost. Mr. Stirling, at least, was of the opinion that it was far too big.

Mr. THOMAS. Oh, yes.

Mr. FULTON. So that it was a wasteful operation.

Mr. THOMAS. Yes, sir.

Mr. FULTON. Did the contractor ever pay out of his own income that \$370 a week or the other sums that were being paid out of Government money to operate this commissary, contrary to the understanding that it was to be operated by the contractor without cost to the Government?

Mr. THOMAS. Do I understand you to mean did he ever actually assume that expense?

Mr. FULTON. Yes.

Mr. THOMAS. Not to my knowledge; no, sir.

Senator BALL. Then the Government has not been reimbursed for this \$370 a week?

Mr. THOMAS. Not so far as I know. You know, I left there on July 23.

Senator BALL. What did the contractor say about these employees? Was it brought to his attention?

Mr. THOMAS. It was brought to his attention, and they were taken off of the reimbursable pay roll; but I can't recall just what date that adjustment was made. I think it was made very shortly after we protested, but there had been \$2,300 paid out in those salaries. That is the way I recall it. I am speaking from memory.

Mr. FULTON. It is with respect to that sum that I was asking whether the contractor reimbursed the Government.

Mr. THOMAS. Not to my knowledge.

Mr. FULTON. Not during your time as field auditor.

Mr. THOMAS. No, sir.

EQUIPMENT PURCHASE AND RENTAL PROCEDURES

Mr. FULTON. Now, with respect to equipment rentals, I note here that on April 23, the Oman Construction Co., one of the two joint contractors, wrote in, confirming an understanding to the effect that all repairs are to be paid for by the Ferguson-Oman Co. as a reimbursable cost to the job, and no rental shall be deducted for any repairs made in the field, stating, "This is our interpretation of section 2.

under the heading Rental for Contractor's Equipment." What did that mean, Mr. Thomas?

(The letter referred to was marked "Exhibit No. 198" and is included in the appendix on p. 3347.)

Mr. THOMAS. Well, there was previous to that time the understanding that the contract provided that major repairs should be made at the expense of the lessor.

Mr. FULTON. Of the renter of the equipment?

Mr. THOMAS. Yes.

Mr. FULTON. That would be the contractor, himself?

Mr. THOMAS. Yes, sir. And of course there was always a great deal of dispute as to what was a major repair and what was a minor repair. It is only fair, of course, if a piece of equipment is brought on the area and within 2 or 3 days has to be practically rebuilt, and it is a pretty reasonable assumption to believe that it was a piece of junk when it came in there. So it seemed that there was a lot of dispute on that, and they just finally settled that whole problem by just deciding that the Government would pay for everything.

Senator HATCH. Who settled that?

Mr. FULTON. Major Brewer's signature appears here as having approved it.

Mr. THOMAS. Whether it was settled further up or not, I don't know, but of course we can't go beyond the constructing quartermaster.

The CHAIRMAN. Did Major Brewer have any other friends or relatives on the contractor's pay roll while he was down there as constructing quartermaster?

Mr. THOMAS. Well, yes. Now, I believe that you will be able to get more detail on that subject from Mr. Helzel when he testifies. He was the labor man. I know of some of them, but I doubt if I could cover the list completely.

The CHAIRMAN. All right, we will ask Mr. Helzel that question.

Mr. FULTON. Was there another change in the contract with respect to equipment rental relating to appraised valuation?

Mr. THOMAS. That was about June 1. That one practically put us out of business.

Mr. FULTON. What was that change?

Mr. THOMAS. Well, that deprived the field audit of any rights in regard to appraisal values.

Mr. FULTON. In other words, no matter how high the appraisal value might be as set up for recapture, you couldn't question the amount.

Mr. THOMAS. That is what it amounted to; yes, sir.

The CHAIRMAN. Who authorized those changes in the contract?

Mr. THOMAS. Well, as far as I know, the changes were all authentic.

The CHAIRMAN. They came from Washington?

Mr. THOMAS. Came from Washington, I believe. I know I was thoroughly convinced at the time that there was no use for me to try to do anything about it.

The CHAIRMAN. That is the reason you asked for a transfer?

Mr. THOMAS. One of the reasons; yes, sir.

Senator BALL. Who convinced you? Who gave you the orders?

Mr. THOMAS. The field auditor has no channel other than the constructing quartermaster. His word is final.

Senator BALL. He gave you the order?

Mr. THOMAS. If we don't agree with him, the only thing we can do is get on record so that when the bomb explodes, it won't be in our lap. That is the only thing we can do about it.

Senator BALL. Then the constructing quartermaster is the one who gave you the orders not to bother with the appraisals?

Mr. THOMAS. Oh; yes, sir.

Senator HATCH. May I ask whether the constructing quartermaster himself had authority to make changes in the contract, or did he have to have authority from Washington; do you know?

Mr. THOMAS. Well, all rental agreements must be approved in the zone office, and I would be very reluctant just to quietly subside and accept a situation unless I was convinced either orally or in some other way that the authority had come from Washington. It is a very serious thing for the field auditor, because, as I said before, that practically put us out of business on equipment.

Mr. FULTON. We note that a number of the contractors—that is, the renters of equipment—admit that they set it up for appraised valuation for recapture at prices very substantially higher than their purchase cost new, and in the case of second-hand equipment, at prices very substantially higher than the price they carried it on their own books; but you couldn't question those matters at all.

Mr. THOMAS. Not after that; not after June 1.

Mr. FULTON. Did you notice any increase in the amount of equipment on the job shortly after June 1?

Mr. THOMAS. I think there was quite an influx soon after that.

Mr. FULTON. What were the facts with respect to that, so far as you know them?

Mr. THOMAS. Well, I would have some difficulty in substantiating the statement that I believe that there was a lot of equipment held, just waiting for that ruling. That is what I think and believe. I recall that very soon after that, two draglines were brought on to the area. I think one was \$27,500 from, I think, the Vollmer Co., and another one for \$34,000. We checked up this piece of equipment that was valued at \$34,000 and found out that it could be purchased brand new for \$31,000; and the one they brought in to us was at least 2 years old.

Mr. FULTON. Some evidence of the correctness of the appraised valuation. But you were not able to question that.

Mr. THOMAS. We couldn't do anything about it. I think maybe we did a few times overstep a little bit.

Mr. FULTON. Did you prepare a list of rental agreements for equipment and otherwise that you thought should be investigated, and is this a copy of that list?

Mr. THOMAS. Yes. I took a complete schedule on rental agreements, a schedule of all the lessors, and selected a few that I thought might bear investigation for one reason or another. It would be a little bit difficult for me right now to tell exactly why I did some of those, but at that time when I was familiar with conditions, I had some reason to think that it wouldn't do any harm to investigate those.

Mr. FULTON. Was such an investigation made?

Mr. THOMAS. Not that I know of.

Senator HATCH. Who set these appraised values? Who had the responsibility for that?

Mr. THOMAS. Well, before June 1, the Field Audit. We had a couple of men that we considered to be quite expert in heavy equipment and a couple that we considered to be very expert in light equipment, and they were supposed to agree on an appraisal with the contractor's representative or the lessor's representative.

Senator HATCH. Then after that, how was it agreed upon?

Mr. THOMAS. There just wasn't any agreement.

The CHAIRMAN. They just took the contractor's figures?

Mr. THOMAS. They just took the contractor's figures, and the constructing quartermaster, of course—

Senator HATCH (interposing). The constructing quartermaster had to approve it?

Mr. THOMAS. Yes.

Senator HATCH. Then the appraisals were fixed by the contractor and the constructing quartermaster?

Mr. THOMAS. That is what it amounted to later.

Mr. FULTON. Of course, the constructing quartermaster, theoretically, has to approve everything on the project?

Mr. THOMAS. Yes, sir; that is correct.

Mr. FULTON. And he could not take the time to know the personal facts with respect to every piece of equipment, or did he?

Mr. THOMAS. No; I don't think that would be possible. He really approves everything that happens on the entire project, and the field auditor is there for the purpose of protecting him, if he will let him do it.

Mr. FULTON. So that if the field auditor's inspectors do not check the appraisal, in effect that means that there is no check on behalf of the Government?

Mr. THOMAS. Since June 1. My chief equipment and tool inspector and his subordinates would come in several times every day and tell me what they thought about this and what they thought about that, but it didn't make any difference—we couldn't do anything about it.

Mr. FULTON. Did they frequently inform you about refusals that they had encountered on the part of the contractor for permission to examine records?

Mr. THOMAS. Yes, sir.

Mr. FULTON. And to check facts in this connection?

Mr. THOMAS. Yes. The record on it in the files there should have quite a few communications on that subject, which should give dates and occurrences.

Mr. FULTON. And a number of those men have testified in Memphis in respect to various matters of that kind. Did you ever check or cause a check to be made to ascertain whether it was possible for the operators or supposed operators of the various pieces of equipment to be working the equipment as many hours as they charged up to the Government?

Mr. THOMAS. Yes; on suspicion we made spot checks at times.

Mr. FULTON. I note here that you made one spot check, and you found that shovels had been working 154 hours from the contractor's own records, but the operators were charging for 275 hours, and not only doing that but charging it as Saturday time on which there would be double time.

Mr. THOMAS. Yes, sir. I think that schedule there is probably irrefutable. It was made in collaboration between my Time Division and the Tool and Equipment Division.

(The schedule referred to was marked "Exhibit No. 199" and is included in the appendix on p. 3347.)

Mr. FULTON. It contains the badge numbers of the workmen and the numbers of the shovels and the exact amount of hours of each. The cranes were even worse, weren't they? We find there cranes that were operated 56 hours, according to the record, on which there apparently had been double time for 179 hours—more than three times as much as could have been put in.

Mr. THOMAS. I recall the schedule very well. I think it would be very easily proven beyond any question.

Mr. FULTON. What was done about that?

Mr. THOMAS. I sent a copy of that to the constructing quartermaster and called his attention to it. I believe I left rather soon after that. I don't mean that that had anything to do with my leaving, but I wouldn't be able to say what was accomplished on it. What was the date of that schedule, may I ask?

Mr. FULTON. June 28, 1941.

Mr. THOMAS. Well, there had been nothing done up to the time I left on July 23.

Mr. FULTON. And in Memphis we heard some testimony with respect to five Euclid trailer wagons that the contractor wanted to put on this project at a price considerably higher than he had paid for them, that being in May before you had these orders to disregard the appraisals. So we are very much interested in this computation which was made in your records by Mr. McCarthy with respect to five other Euclid trailers during that same period, March 27 to July 29. Would you look at that schedule and tell me whether there was enough work even to keep those five in operation?

Mr. THOMAS. Well, I am quite certain that there wasn't. This schedule is a summary that I made myself from Mr. McCarthy's original schedules, and he checked this back and signed it. But I drew up this summary myself.

(The schedule referred to was marked "Exhibit No. 200" and is included in the appendix on p. 3349.)

Mr. FULTON. How much idle time was there on the part of those five shovels? I think you will find that in the lower part. I mean trailer wagons—not shovels.

Mr. THOMAS. That is right; 6,942 hours.

Mr. FULTON. And that is in a period of 3 months—4 months, approximately.

Mr. THOMAS. March 27 to July 19, 1941; yes, sir.

Mr. FULTON. And on July 19 those wagons were transferred out of the project, as I understand it.

Mr. THOMAS. I believe they were; yes, sir.

Mr. FULTON. So that it would appear rather conclusive from that, if those figures are correct, that there never was any necessity even to consider renting five Euclid trailer wagons from the contractor, even if his proposition to rent them had been anywhere near his cost.

Mr. THOMAS. That is a reasonable conclusion.

Mr. FULTON. Because they weren't using the ones they had, and they transferred those.

Mr. THOMAS. They were transferred to the Memphis quartermaster depot.

Mr. FULTON. And I note that the rental on those amounted to \$15,820 and that before they were transferred, the Government paid out repairs in the amount of \$4,780.

Mr. THOMAS. Correct.

Mr. FULTON. Where were they transferred to.

Mr. THOMAS. I understand they were transferred to the Memphis quartermaster depot, to the constructing quartermaster there. I am not real certain. I think that is where.

Mr. FULTON. In other words, to another Government project, where they continued to be rented.

Mr. THOMAS. Yes, sir.

Mr. FULTON. Where did they come from? Do you know that?

Mr. THOMAS. I don't believe I can answer that, sir.

Mr. FULTON. Had you made any check or did you have sufficient staff to make a check to determine whether the contractors or equipment renters were engaging in the practice of transferring equipment from one Government project to another, so that in no one project would the rents be sufficient to permit recapture, but in the aggregate of several projects would be far more than the value of the equipment?

Mr. THOMAS. I am not able to present anything conclusive on that right now, but I am quite certain that that practice is indulged in.

Mr. FULTON. We found one Chevrolet truck, for example, which cost about \$2,000, which was rented on two separate projects for \$3,700, repaired, and still in the possession of the individual. Did you come across similar instances?

Mr. THOMAS. I think perhaps I had temporarily forgotten. I think perhaps that is one that we checked up on. The figures that you mentioned sound familiar to me.

Mr. FULTON. That had been originally rented at the Leonard Wood project and then transferred here and from here transferred probably to a third, which we haven't as yet ascertained.

Mr. THOMAS. Yes, sir; my memory is a little bit rusty on some particular things.

Mr. FULTON. Did you, in addition to calling these various facts to the attention of the constructing quartermaster, make them known to the zone office of the quartermaster?

Mr. THOMAS. That was done repeatedly.

Mr. FULTON. And finally, was Major Hunt, of the Inspector General's office sent out there to make an investigation?

Mr. THOMAS. Yes, sir.

Mr. FULTON. And did you call his attention to these facts?

Mr. THOMAS. I laid all the cards on the table with Major Hunt.

Mr. FULTON. And finally, on June 18, what did you do?

Mr. THOMAS. Well, that is about the date that I started trying to resign or to get transferred.

Mr. FULTON. I note that on that date you wrote a confidential, informal letter to the quartermaster, in which you stated:

Under normal national conditions, I would feel it to be my patriotic duty to submit this whole mess to a high Government authority for judgment and, if

necessary, submit it to still higher authorities—the representatives of the taxpayers and voters. However, under conditions such as those now prevailing, the necessity for national unity, the necessity for confidence in our Government and military, the hazards of exposé, the fatal results of internal dissension, the highly nervous state of the average individual, it is apparently mandatory that conditions such as those now existing at the Wolf Creek ordnance plant be tolerated. Please be assured that I have the highest respect for the authority of the constructing quartermaster.

Under the circumstances recited above, it would seem advisable that I should be quietly disposed of in some sensible manner. May I, therefore, have your cooperation in connection with a transfer to another station, or promotion, or a kick upstairs, or a voluntary resignation? A formal request will follow, but may I in the interim please have your reaction? If the Secretary of War promised to make a general of me as a reward, I would refuse to tolerate such affronts from a group who are enjoying in a very generous measure and should be proportionately appreciating the benefits of a free country such as ours.

(The letter referred to was marked "Exhibit No. 201" and is included in the appendix on p. 3350.)

Mr. FULTON. Who did you mean by that paragraph—the contractor receiving a fee of several hundred thousand dollars, or whom?

Mr. THOMAS. That was whom I was referring to. Of course, that letter was confidential and personal, that I directed to the major. I didn't expect to have that thrown in my lap.

Mr. FULTON. That was found by the committee in the files in the project. Well, you didn't bring these things to the attention of the representatives of the taxpayers and voters, but you did request a transfer so that you couldn't be considered responsible for them.

Mr. THOMAS. Yes. I felt that the task of keeping myself protected was taking too much of my time down there. I felt that after maybe 1 year or 2 years or 10 years, this thing might come to light, and I would have to be protected. I was spending altogether too much time keeping myself in the clear.

Mr. FULTON. And at the time you resigned, did you also submit requests for transfers by your chief transportation inspector, your chief equipment and tool inspector, and your chief time inspector?

Mr. THOMAS. I did; yes, sir.

(The letter referred to was marked "Exhibit No. 202" and is included in the appendix on p. 3350.)

Mr. FULTON. And I note that in a letter to Major Brewer with respect to that request, you say:

In view of the fact that it is hardly fair to ask these men, of conscientious scruples in regard to their obligations to the United States Government, to continue their efforts in the face of defiant frustration at the Wolf Creek ordnance plant, it is my recommendation that these requests be granted.

And were most of those men transferred out of the project?

Mr. THOMAS. I think they are all out now.

Mr. FULTON. We heard from you and other witnesses a great deal of discussion of lack of records and difficulties in connection with time and transportation and equipment. What about the auditing of materials?

Mr. THOMAS. Well, I am sorry to say that my Materials Department did not function as efficiently as the rest of my departments, and I am quite certain that if an audit were made out there very carefully, it would probably develop the same conditions that I had in my other divisions. I just couldn't get the active support there that I had in all my other divisions.

Mr. FULTON. Would you say that there are sufficient records, that is, detailed time charts and records, so that a careful audit could be made on these various problems if the Construction Division should order one to be made?

Mr. THOMAS. I would heartily recommend it; yes, sir. I think that it would produce astounding facts for you.

The CHAIRMAN. You made a statement in an affidavit to the House committee¹ that you thought this project cost the Government at least \$500,000 due to this inefficiency. Do you still believe that?

Mr. THOMAS. I was pressed to use a figure there, and \$500,000 could just as well be your guess as my guess. It is a physical impossibility to arrive at any definite figure there. It might be three times that much.

The CHAIRMAN. But I think that there has been a tremendous loss to the Government in the manner in which this thing was conducted.

Mr. THOMAS. There is absolutely no question whatsoever in my mind.

Mr. FULTON. Now, with respect to those men that were being put on by Major Brewer, I have here copies of telegrams whereby he requested the Quartermaster General in Washington to authorize various positions and a copy of the telegram coming back, stating that it would be a duplication of personnel of the contractor and unnecessary. Was that the reason that Major Brewer recommended to the contractor that the contractor put those men on, because he had been refused permission to put them on his own pay roll?

Mr. THOMAS. I think not, sir. The reason, in my opinion, that those men were put on the contractor's pay roll was due to the fact that they were paid salaries that the Government wouldn't tolerate.

Mr. FULTON. You mean the amount of the salary?

Mr. THOMAS. The amount of the salary; yes.

The CHAIRMAN. Yet the Government paid it in the long run.

Mr. THOMAS. They pay everything in the long run.

The CHAIRMAN. That is right.

Senator MEAD. Mr. Chairman, I didn't have the opportunity of going with the committee to Tennessee, but I have listened to enough of this sordid story to prompt my inquiry as to what is being done about it. Has there been an investigation ordered by the Department? Has anybody been arrested or have there been any indictments, or what is the situation? This is all new to me.

Mr. THOMAS. Well, nothing has been done, so far as I know, sir, up to this time.

Senator MEAD. No one except the committee and perhaps yourself has taken any action whatsoever?

Mr. THOMAS. Well, there was an investigation by the House committee.

Senator MEAD. Just the House and the Senate committees have taken action, and you and a number of others have cleared out. But the War Department hasn't done anything about it at all?

Mr. THOMAS. Not that I know of, sir. They have changed constructing quartermasters. They have had another field auditor out there since I left. He has resigned since.

Senator MEAD. And that is the extent of the action taken by the War Department?

¹ A subcommittee of the House Military Affairs Committee.

Mr. THOMAS. So far as I know; there might have been many things done, and I wouldn't know a thing about it.

The CHAIRMAN. I will say for the benefit of the Senator from New York that the War Department has taken no action.

Senator MEAD. No action?

The CHAIRMAN. The district attorney sat with us in Memphis, and I am hoping that some action will be taken by the Department of Justice.

Mr. THOMAS. You see, I would be entirely unqualified to answer that question authoritatively because they might have done many things that I wouldn't know of.

Senator MEAD. Has this matter been brought to the attention of the Secretary of War?

Mr. THOMAS. I don't know, sir.

Senator MEAD. I am not concerned so much with the particulars, because I presume others know more about them than I do, but tell me, is there no check or balance in connection with the arbitrary decisions of the constructing quartermaster? Is he the czar over the auditor, the engineer, and everyone else, and is it possible for him to make final agreements with the contractors?

Mr. THOMAS. He is able to make final agreements in many things. As far as the field auditor is concerned, the constructing quartermaster's word is law; and he is the only channel of communication with the outside world that the field auditor has.

Senator MEAD. Well, isn't it possible for the field auditor to report directly to his Chief in Washington?

Mr. THOMAS. No, sir.

Senator MEAD. And in that way keep a check on the local quartermaster representative?

Mr. THOMAS. No, sir. Every communication that the field auditor directs to anyone is supposed to go through the constructing quartermaster. The field auditor has only one source outside of that, and that is when a zone auditor, a traveling auditor from the zone, visits his office, when he can orally tell him everything that he has on his mind; but otherwise his communications must be directed to the constructing quartermaster, and if they don't get any further than the constructing quartermaster, they just don't get there.

Senator MEAD. Therefore, our difficulty comes from concentrating too much authority in the local constructing quartermaster.

Mr. THOMAS. Well, I think the field auditor should have some opportunity, on the remote possibility that there might be a constructing quartermaster in the whole country that isn't perfectly all right, other than the constructing quartermaster to recite his troubles.

Senator MEAD. It occurs to me that in view of the fact that the other branches of the Government have these checks and balances, it doesn't speak very well of the business policy of the War Department to have this evidently slipshod system that you have just explained to the committee. It really should be corrected.

Mr. THOMAS. Well, I have always maintained that a field auditor certainly should have at least one avenue some place outside of the constructing quartermaster.

The CHAIRMAN. This is the first ordnance plant that this committee has examined. I am informed that the large ordnance construction

projects at St. Louis and other places are in equally as bad shape from a Government standpoint as this one is.

Senator MEAD. It certainly would be a good protection for the Quartermaster General if the Audit Division had power to report to the Auditor General in Washington and in that way keep a better track, keep a better line, on these individuals that, as you say, may once in a while go wrong. I think it would be better business for the Army, and it would be better protection for the Quartermaster General, and it certainly would result in more economy in the investment of this huge sum of money.

Mr. THOMAS. Yes. The system is predicated on the theory—I mean insofar as the field auditor is concerned—that it is just a physical impossibility for there to be any such thing as a constructing quartermaster that isn't the acme of perfection.

The CHAIRMAN. We have found several that are anything but that—the one at Camp Blanding and the one at Camp Leonard Wood; and this one here seems to have been the prize one of all that we have run into.

Senator MEAD. It probably would be a move in the direction of economy if we abolished the auditor's office entirely as long as, from your description of what takes place, it is without authority and its work is circumvented. Either we ought to have an auditor's office with power and discretion or we shouldn't have one at all.

Mr. THOMAS. That is correct, sir.

The CHAIRMAN. I rather think it is going to be necessary to suggest that our legislative general accounting office have authority to go into these things and make the necessary audits.

Mr. THOMAS. As I stated earlier, the field auditor and his staff are in most cases placed in the position of being obstructionists. If they try to sell the Government a machine for \$9,500 and it is worth only \$800, and the field auditor holds it up, then he is obstructing and retarding the progress of the construction.

The CHAIRMAN. And all these things are done under the guise that we have to hurry and we haven't got the time to go into these things.

Mr. THOMAS. The emergency is the byword.

The CHAIRMAN. And that is costing the Government millions and millions of dollars.

Senator MEAD. And the War Department has not only a priority on nails, but on appropriations, so what is the use of looking into the details? There is always more coming.

The CHAIRMAN. We are doing our best, Senator, to look into the details, and I think we are going to try to remedy some of this. If it takes legislation, we will propose it.

Senator MEAD. Better still, you must have a system—you must have a system that will be pretty hard to circumvent.

The CHAIRMAN. Senator Ball, I think you had some questions.

Senator BALL. Mr. Thomas, I was checking over this memorandum of yours, dated July 9, on these machines. I notice you have 9 shovels listed with 12 operators on 2 shifts and 12 on a third.

Mr. THOMAS. I beg your pardon?

Senator BALL. You have 9 shovels listed—time on 9 shovels—but the time on 11 operators on 2 shifts is shown and the time of 12 operators on the third shift is shown, which accounts for some of

that excess time. How did that happen? Did you check into that? There is only 1 operator assigned to a machine, isn't there?

Mr. THOMAS. Are you bringing out the point that there are 11 shovels and 12 operators?

Senator BALL. No. There are 9 shovels and 11 operators on 2 shifts and 12 operators on a third shift.

Mr. THOMAS. Well, that statement reflects the actual occurrence.

Senator BALL. Was that the total number of shovels and operators on the job?

Mr. THOMAS. Oh, you mean on the entire job?

Senator BALL. Yes.

Mr. THOMAS. I think so at that time; yes, sir.

Senator BALL. I was wondering why they have more operators than shovels. Did the operators have other jobs? Did they operate other equipment?

Mr. THOMAS. Oh, no.

The CHAIRMAN. The contractor is sitting right over there, Senator. If you want him to answer that question, we will let him do it.

Senator BALL. Yes; I would be interested in it. The same thing is true on cranes. You have cranes that were operating one shift, but the operators were paid for three shifts.

The CHAIRMAN. Can you answer that question?

Mr. STIRTON OMAN.¹ They have an oiler on each shovel with the operator.

The CHAIRMAN. An oiler with each shovel. And he gets the same pay as the operator?

Mr. OMAN. I don't know what the pay is. I am not familiar with the oiler's pay. I have never seen it.

Mr. FULTON. Would that be true of cranes, too?

Mr. OMAN. Yes, sir.

Mr. FULTON. Would there be three men on the cranes?

Mr. OMAN. There might be three men.

Mr. FULTON. Three men on each crane?

Mr. OMAN. Depending on what the cranes were doing. If those cranes were working on steel construction——

Mr. THOMAS (interposing). That may refer to three shifts there.

Senator MEAD. I think that is accounted for, because regardless of the number of employees on any job, there had to be considerable oilers in addition.

Mr. THOMAS. Yes; that is right. Of course, the only thing we were interested in was the number of hours on the machine and the number of hours the machine worked.

The CHAIRMAN. Any other questions, gentlemen? That is all, Mr. Thomas.

Mr. Helzel.

The CHAIRMAN. Mr. Helzel, do you solemnly swear to tell the truth, the whole truth, and nothing but the truth, so help you God?

Mr. HELZEL. I do.

¹ President, Oman Construction Co., Nashville, Tenn.

TESTIMONY OF LEO B. HELZEL, FORMERLY CHIEF TIME INSPECTOR, WOLF CREEK ORDNANCE PLANT, MILAN, TENN.

PERSONNEL PROBLEMS

The CHAIRMAN. Give your name and connections to the reporter, please, Mr. Helzel.

Mr. HELZEL. My name is Leo B. Helzel. I was formerly employed as chief time inspector of the Quartermaster Corps. I was stationed at the Wolf Creek ordnance plant, Milan, Tenn.

Mr. FULTON. When did you arrive on the project?

Mr. HELZEL. I arrived on the project on March 14, 1941.

Mr. FULTON. Did you in connection with your work get to know a Mr. Oscar Miller?

Mr. HELZEL. I did, sir.

Mr. FULTON. Who was handling personnel for the contractors?

Mr. HELZEL. Yes, sir.

Mr. FULTON. Do you have any idea how many men he brought on this job from other jobs?

Mr. HELZEL. Well, it would be a very difficult amount to name, and all I could name would be an approximate amount, anywhere from 500 to 1,000 employees, including craftsmen and administrative workers, were taken by him as personnel director from the Camp Blanding job in Florida.

Mr. FULTON. That is by a different contractor with Starrett Bros. & Eken, but he had worked on that job under the Starrett Bros. firm.

Mr. HELZEL. That is correct, sir.

Mr. FULTON. On the 20th of June, did you submit a report to Mr. Thomas, the last witness, with respect to your work?

Mr. HELZEL. I believe so, sir.

Mr. FULTON. Is this a copy of it? Tell us whether these are copies of papers that you are familiar with in your work there. Are those papers that you were familiar with in your work there?

Mr. HELZEL. Yes, sir.

Mr. FULTON. With respect to that report that you made to Mr. Thomas, I will quote various parts of it, and I would like to have your comments. You say, "There was no check of the pay rolls for the validity of persons working on the project for the contractor as to the effective date, classification, or salaries." What did you mean by that?

(The report referred to was marked "Exhibit No. 203" and is included in the appendix on p. 3351.)

Mr. HELZEL. That was prior to the time that I entered on duty with the Quartermaster Corps. The pay rolls were being submitted to my office for preaudit and postaudit prior to the vouchering for reimbursement. Well, when Mr. McCarran was chief time inspector for the Government—that was my predecessor who later was transferred to the contractor's pay roll on my arrival—

Mr. FULTON (interposing). Let's see. Do you mean that the contractor hired the Government's chief time inspector and put him on the contractor's pay roll?

Mr. HELZEL. That is correct, sir.

Mr. FULTON. Did he do that at a higher salary?

Mr. HELZEL. Yes; he was put on at \$1,700 a year more than he received when he was with the Government.

Mr. FULTON. How long had he been with the Government?

Mr. HELZEL. He had been with the Government approximately a month at the plant prior to the time that I came.

Mr. FULTON. So that while he was working for the Government for 1 month he was negotiating a \$1,700 a year raise to be paid by the contractor and reimbursed by the Government?

Mr. HELZEL. That is correct, sir. I believe that that is correct due to the fact that the day I arrived there his resignation was waiting for the signature or the acceptance of the constructing quartermaster.

Mr. FULTON. Would he be entitled to annual leave?

Mr. HELZEL. That has been a disputed item. At other ordnance plants and governmental agencies that I have worked at, the moment that a man went on a reimbursable basis with the contractor he was cut off from annual leave. However, he was continued on my pay roll for about a month and a half or more after the time he had assumed duty and collected salaries with the Ferguson-Oman Co.

Mr. FULTON. So that he not only got a \$1,700 wage increase at the expense of the Government through the contractor, but he got double salary for a month and a half after he resigned from the Government pay roll and during which he was on the contractor pay roll?

Mr. HELZEL. That is correct, sir.

Senator HATCH. Why was that? You were the timekeeper. You knew he was on the other job.

Mr. HELZEL. My authority ran only as far as the field auditor. I presented the facts to the field auditor. The field auditor presented the facts to the constructing quartermaster. The constructing quartermaster just pigeonholed the whole matter. That is as far as we could go. We have communications directing that to his attention.

Mr. FULTON. You are one of the men who asked to be transferred from this project?

Mr. HELZEL. That is correct, sir.

Mr. FULTON. Will you tell us why?

Mr. HELZEL. Well, it was like running up an iced hill—you were getting nowhere in a hurry. There is a certain amount of pride and pleasure in being a Government employee, in seeing that your job is right, a certain amount of patriotism in doing the work, and also quite a fear that the whole thing might be laid in your lap later on. So you would like to sleep nights with the understanding that you are doing a good job, that your work is being appreciated, and that there is some future to it.

The CHAIRMAN. Did the constructing quartermaster have any relatives on the contractor's pay roll?

Mr. HELZEL. The constructing quartermaster had at one time his father, aged 71, on the contractor's pay roll.

Senator HATCH. What did he do?

Mr. HELZEL. He was general foreman in charge of water barrels.

Senator HATCH. What was his salary?

Mr. HELZEL. \$40 per week.

Senator HATCH. \$40 per week? General foreman in charge of water barrels?

Mr. HELZEL. Yes, sir.

Senator HATCH. Was there work to do in that connection?

Mr. HELZEL. There was work to do. The only man on the time check was actually seen doing work. He was pretty conscientious.

The CHAIRMAN. I understand that there were also other people on the contractor's pay roll at the suggestion of Major Brewer, some of them even under assumed names. Do you know about that?

Mr. HELZEL. Well, I don't know definitely of any instance of Major Brewer's relatives under assumed names, with the exception of his sister-in-law, working for the Government. And the only assumed name that I ran across on the pay roll was that of my predecessor, McCarran. I don't know whether it was her assumed name or her maiden name, but she was working for him at \$35 a week in addition to receiving a salary from the Government and from the contractor. He had his wife working for him at \$35 a week under the name of Selma Schultze.¹

The CHAIRMAN. On two salaries from the Government, then, really.

Mr. HELZEL. That is right.

Mr. FULTON. Was the project labor man, Mr. Miller, the representative of the contractor, asked to see to it that she was released from employment?

Mr. HELZEL. He was asked to see to it that she was released. However, to my knowledge she wasn't released at the time that I left the project on August 5.

Mr. FULTON. Was she transferred to a different position?

Mr. HELZEL. I think that she was transferred from a personal office to Mr. McCarran's office on the switch.

Mr. FULTON. That is the predecessor of yourself that you were speaking about?

Mr. HELZEL. That is right.

Mr. FULTON. I note you say here also, the office force at the time you took over from your predecessor was working, on the average, 2 days per week, and the field force working 1 day per week [reading from "Exhibit No. 203"]:

It was a strict embarrassment to the members of the office of the chief time inspector to be caught doing nothing, but the situation prevailed where no instructions had been given them as to what they were supposed to do. A portion of my office was working for other parts of the plant.

What is your comment with respect to that?

Mr. HELZEL. Well, Mr. McCarran was actually working for the contractor at the time that he was still on the Government pay roll, I have been told. Not knowing what the situation was when I got there, I had to take information from the people in the office. However, the condition of the records was very, very poor, and he was known to come into the office only approximately 1 day a week in order to sign vouchers.

Mr. FULTON. And that is the man the contractor hired at Government expense at a \$1,700 raise?

Mr. HELZEL. That is correct, sir.

Mr. FULTON (reading from "Exhibit No. 203"):

The attitude of the contractor's employees of the pay-roll department and the timekeeping department was that the Government had no right to interfere in the operations of the contractor and that the time department of the Govern-

¹ See Exhibit No. 204, appendix, p. 3353.

ment should be a very passive organization which had as its purpose the witnessing of pay-roll checks.

Do you mean despite the fact that you had a force working only a few days a week, 2 or 3 days, they didn't use their time to check on the contractor?

Mr. HELZEL. Well, no instructions had been issued by Mr. McCar-ran, prior to my advent, on what they were supposed to do, except keep warm. When I arrived at the project I found all my employees huddled around a stove. Being a young man, they said, "Well, did you get a job, too?"

I said, "No; I'm your boss." So everybody hopped to in army fashion and it wasn't long before we had organization.

Senator BALL. Who kept time? Was the Government the prime timekeeper on this job, or the contractor?

Mr. HELZEL. The contractor kept time and the Government was supposed to spot check it and preaudit and postaudit it so that they could have an adequate reason for passing the voucher for reimbursement.

Senator BALL. What was the procedure on pay rolls? Who had to O. K. them? Did the foreman have to O. K. his own pay roll and certify that the men listed on that pay roll were actually working those days?

Mr. HELZEL. No. The procedure was for the worker on the job to receive a time card at the beginning of the day. It was signed at the end of the day by the foreman, certifying that the men worked. It was signed twice during the day by the time checker of the contractor who witnessed the men work, and it was then sent over to the timekeeping department for classifying, put into the tabulating department for running on the I. B. M. machines, and the pay rolls were then tabulated from the I. B. M. records.

Senator BALL. Then the foreman on that time card actually did certify that the man was working.

Mr. HELZEL. Well, he saw that the men were working. There was no actual certificate, but there was a place for his signature with the understanding that he witnessed the man work, and the employee was under his supervision.

Senator BALL. Well, I mean, didn't it say something like that on the time card which he signed?

Mr. HELZEL. No; it didn't say anything on the time card that he signed with the exception that it says, "Foreman's name." However, printed on the back of the time card, at my suggestion, was section 35 of the Penal Code, which said that, in essence, if you got out of line and misrepresented the facts, you were subject to a fine of \$10,000, I imagine 5 years—I don't know the exact terminology of section 35 of the Penal Code.

Senator BALL. What was the procedure on Government pay rolls? You said your staff was working the office 2 days a week and 1 day a week, but I assumed they were being paid for 6 days.

Mr. HELZEL. They were paid for 6 days and their presence was in the office 6 days, but the actual labor being done prior to my advent was 1 or 2 days.

Senator BALL. Oh, but they actually put in the time?

Mr. HELZEL. They actually put in the time; yes, sir.

Senator BALL. Were Government pay rolls certified that same way, that kind of system on time cards rather than—

Mr. HELZEL (interposing). No; Government pay rolls were certified on the basis of the in-and-out sheet, which is common practice in the Government, signing in and signing out, those time sheets being posted to a master pay-roll sheet, from which master pay-roll sheet the governmental pay rolls are made out.

Senator BALL. How about this McCarran, then? You say he was paid by the Government for a month and a half after he quit working for the Government and was working for the contractor? Is that what I understood you to say?

Mr. HELZEL. That is correct.

Senator BALL. Was he certified as working at that time by somebody, or was that supposed to be leave?

Mr. HELZEL. Annual leave accumulated from former work with the Government.

Senator BALL. Oh.

Mr. HELZEL. It is to be noted, however, when one Government employee leaves the Government position with one agency and is picked up by another agency, he does not collect two pay checks, but his annual leave is then transferred.

Mr. FULTON. You continue in your report here to say [reading from "Exhibit No. 203"]:

It has been the policy of the Construction Division of the Quartermaster Corps to have employed on each project only one \$9,000 employee on a reimbursable basis. On this project we have three, John McInerney, superintendent of construction; Gilbert Olson, coordinator; and Guy B. Panero, assistant project manager. Construction Division letter No. 73 requests that the Chief of Construction Division or his representative shall be informed by the constructing quartermaster of salaries being paid to chiefs of the administrative departments. No such record has ever gone in to the Chief of the Construction Division. Increases in salaries in the past on employees with the department of the contractor have only needed the approval of the contractor. In this way a man earning \$25 per week could be raised to \$173 per week without any approval of the constructing quartermaster or the authorities in Washington.

As a matter of fact, one man was so raised, was he not?

Mr. HELZEL. I don't know of anybody's being raised up to \$173.04 a week from \$25. You didn't have to have the approval of the constructing quartermaster to get a raise. Let's say a man working for \$25 could have gotten a raise to \$50 just by changing classification. The classifications were approved in March by the constructing quartermaster. I don't know of any particular cases that were.

Mr. FULTON. I notice that the contractor had employed here, including Procter & Gamble as well as the contractor for the construction on this project, 57 men at Government expense who were receiving more than \$5,200 a year. Isn't that a very large number of high-salaried men?

Mr. HELZEL. That is an exceedingly large number of high-salaried men, due to the fact that I have been on other ordnance plants for the Construction Division and they didn't have anywhere near the amount of high-salaried employees.

The CHAIRMAN. I want these exhaustive lists of high-powered workmen put in the record at this point.

(The lists referred to were marked "Exhibits Nos. 204 and 205" and are included in the appendix on pp. 3353 and 3356.)

Mr. FULTON. How many of them were employed who got more than \$4,000?

Mr. HELZEL. Offhand, I wouldn't be able to say, but I imagine there must have been about 140.

Mr. FULTON. The figure we got was 146.

Mr. HELZEL. Well, I didn't know exactly, sir.

The CHAIRMAN. Does that include this 57 at more than \$5,000?

Mr. HELZEL. It does, sir.

The CHAIRMAN. That 146 figure includes this 57?

Mr. HELZEL. Yes, sir.

Mr. FULTON. And you say here that it shouldn't be considered that you are antagonistic to the contractor, and now I read [reading from Exhibit No. 203]:

Since in reality we are protecting the contractor from a loss of his fixed fees by our advice.

What do you mean by that?

Mr. HELZEL. Well, if the contractor adhered to our advice, instead of being a passive organization we would have enjoyed counseling him, for the reason that the records would be correct, the work would be smoother, and that there would be no kick-back later by investigating committees, finance office, General Accounting Office, if he adhered to regulations that were set down for our instruction by the Quartermaster General.

The CHAIRMAN. If he does not adhere to those regulations, he is liable for everything that has happened. Isn't that true?

Mr. HELZEL. That is correct, sir.

Mr. FULTON. Now, you say also there has been over a 50-percent turn-over in employment on the average of 6,000 employed. That was June 20, before the project was half finished, was it not?

Mr. HELZEL. That is correct, sir.

Mr. FULTON (reading further from Exhibit No. 203):

Three thousand one hundred and sixty-nine persons have been dismissed as of this date. From a patriotic viewpoint it might be well to understand why some of the dismissals have been brought into effect on a job that has 1 year to run before completion. The personnel department can only hire people and fire people as per requisition and directive. The contractor is neither organized nor strong because the contractor in reality is a combination of two factions, which are continually fighting one against another. How can members of the field audit organization be completely blind and deaf to a situation where the contractors are not organized in their attempt to gain unity? Admission has been made to me by certain chiefs of the contractors' departments that they feel that their jobs are insecure due to the fact that they never know which faction to belong to in order that they may hold the job that they were assigned to. No mention is ever made as to the quality of the work that they are supposed to perform, nor the seniority that they have attained by working here.

What do you mean by those statements?

Mr. HELZEL. Well, the best example that I can give is with reference to Mr. Philip W. Harrison. Mr. Philip W. Harrison was hired by Mr. Miller, as personnel director, and he was set to work under Mr. John Taylor as an Oman man. In other words, he had formerly worked for the Oman Co., for, I imagine—I don't know exactly; I think that John Taylor was either a son-in-law or brother-in-law or cousin of the Oman family. I am not sure of the facts. Well, they didn't want him around so they quietly disposed of him.

The CHAIRMAN. So there was discord in the contractor's own organization.

Mr. HELZEL. That is correct, sir. Mr. Miller, as personnel director, had told me that he was perfectly satisfied with Mr. Harrison's services beforehand.

The CHAIRMAN. From where did Mr. Miller come?

Mr. HELZEL. Mr. Miller came from Camp Blanding, sir.

Senator BALL. Mr. Helzel, I wasn't quite clear on whose wife or sister-in-law was working where under her maiden name on this project. Was that Major Brewer's or Mr. McCarran's relative you were talking about?

Mr. HELZEL. Mr. McCarran's wife was working either under an assumed or maiden name.

Senator BALL. Was that Selma Schultze?

Mr. HELZEL. That is right.

Senator BALL. She was a stenographer at \$35 a week?

Mr. HELZEL. That is correct, sir.

Senator BALL. And was Major Brewer's wife or sister-in-law also working there?

Mr. HELZEL. Major Brewer's sister-in-law was working at first for the constructing quartermaster. Her name was Mrs. Shepard. Then the directive came out from the zone saying that they couldn't hire employees who are relatives of the constructing quartermaster, so he got her a job with a subcontractor on a fixed-fee basis, and they came along and eliminated that, so she went back to Long Beach, Calif.

Senator BALL. She was off the pay roll?

Mr. HELZEL. That is correct, sir.

Senator BALL. And that was Mrs. Shepard?

Mr. HELZEL. That is correct, sir.

Senator BALL. What was her first name?

Mr. HELZEL. I don't know, sir.

Senator BALL. I notice this Mr. Miller you speak of here. Was he the timekeeper on the job at one time, or was he the chief timekeeper at Blanding who took a job with this contractor?

Mr. HELZEL. Mr. Miller was the personnel director both at Blanding and at the Wolf Creek ordnance plant.

Senator BALL. For the contractor?

Mr. HELZEL. For the contractor.

Senator BALL. And his first name was—

Mr. HELZEL. Oscar Miller; Oscar E. Miller.

Senator BALL. You say here that he had working on the job his brother, Howard Miller, chief dispatcher, at \$60 per week, and his sister-in-law, Mrs. Howard Miller. Was that under the name Edith McPhail?

Mr. HELZEL. That is correct.

Senator BALL. Senior stenographer at \$35 per week. And his uncle, Mr. Oscar Frederick Mueller, a brickmason, at \$1.75 an hour.

Mr. HELZEL. I believe those facts are correct, sir.

Senator BALL. Was this Mueller from Tennessee or somewhere around there where he would be a logical selection for a job, or was he brought in?

Mr. HELZEL. He was brought in. They were all from the Bronx, N. Y.

Senator HATCH. From where?

Mr. HELZEL. The Bronx.

Incidentally, with regard to that, I haven't any definite information, but I have been given to understand that another brother of his and his father were also working in addition to the ones mentioned there.

Senator BALL. They were all on the contractor's pay roll, reimbursable?

Mr. HELZEL. That is correct, sir.

Senator BALL. And did this directive from General Somervell apply to the contractor's pay roll as well as the Government pay roll?

Mr. HELZEL. No. I don't think that General Somervell ever issued any directions limiting the contractor on the selection of employees. I think I was in error in making the statement; also, that only one \$9,000 employee should be hired. It was a policy, generally, in my opinion, and usually the policy was stated in negotiations that named the employees that they intended to pay the high salaries and was incorporated into the contract. It just so happened that the three keymen who were drawing \$9,000 a year were not employees of either the Ferguson or the Oman Co. prior to the time of the beginning of the project. They were hired on the project.

Mr. FULTON. Was there any project as to that 146, to find out how much their salaries had been increased by the contractors over what they had been getting before?

Mr. HELZEL. I received a report on Mr. Olson, which may be accurate or inaccurate, stating that prior to the time that he hooked up with Major Brewer his top earnings were \$350 per month.

Mr. FULTON. As against \$173 a week.

Mr. HELZEL. That is correct.

Mr. FULTON. Or about one-half.

Senator BALL. Was this Mr. Oscar Miller's salary \$173 a week?

Mr. FULTON. No; that is Mr. Olson's salary.

Senator BALL. I see. There was no check at all on the salaries paid by the contractors. I was noticing here you have listed two stenographers, one of them at \$30 a week and three at \$35, which seemed rather steep.

Mr. HELZEL. I have an admission to make, too. My hands aren't entirely clean. My father was working for the contractor, too, at 65 cents an hour, but he waited 3 months for the job, so I figured that the job was certainly worth while.

Senator MEAD. Is he in the barrel department?

Mr. HELZEL. Well, the funny part about it was that he was in the boots department, the sterilization of boots used on the project, used in muddy areas. They had more jobs that weren't warranted, including my father's, and his principal occupation was——

Senator HATCH (interposing). Did you say that were not warranted?

Mr. HELZEL. Not warranted. His principal occupation in the rubber-boot department was killing flies. That is being honest and candid with you.

The CHAIRMAN. I rather think it would be a good directive if the Quartermaster General would issue an order that auditing employees

and the construction quartermaster should not be allowed to place men on the contractor's pay roll whom they have to check. It certainly is unethical, to say the least.

Mr. HELZEL. That is very true, sir, but before I asked to have my father put on the pay roll of the contractor at the total and gross sum of 65 cents an hour, which was equivalent to \$24 a week, which certainly isn't a gross figure even in consideration of the fact that he was just killing flies for his salary, I got the permission of Mr. Thomas prior to the time that he was put on, who was my superior and who was the field auditor; in fact, my father waited 3 months for that position, due to the fact that—

The CHAIRMAN (interposing). I don't care how long he waited. I don't think he had any business on the contractor's pay roll when you are the auditor for it. I will say that you did a good job for the Government, but I don't think it is ethical for you to have to hold a club over the contractor to have a relative on his pay roll who is as close to you as your father would be.

Mr. HELZEL. I agree with you, sir.

Senator HATCH. I think the witness made that clear when he said he wanted to make an addition when he meant a confession.

Mr. HELZEL. Confession is correct, sir.

The CHAIRMAN. That doesn't change the situation one bit.

Senator MEAD. Mr. Chairman, I would like to find out if it is permissible under the rules of the War Department for conditions like this to exist on every project. Have they issued an order as yet preventing the employment by the contractor of relatives of the men they have out there to supervise the contractors?

The CHAIRMAN. I don't think they have. I hope they will.

Senator HATCH. I think this witness said there was no regulation governing employees of the contractor. Is that right?

Mr. HELZEL. There was no regulation to my knowledge, sir.

Senator MEAD. You have continued this story of waste and extravagance, but I am not yet ready with the limited information I have to criticize the War Department or to indict the contractors, and I would like to find out from you how many key men were on the job employed by the Government, including you and the witness that preceded you, the auditor. Were there any other key men there except the Quartermaster's representative?

Mr. HELZEL. The key men on the field auditor's staff consisted of Mr. Thomas as field auditor, Mr. Meybohn as chief materials inspector, Mr. Bouck as chief tool and equipment inspector, Mr. Grover Stirling as chief commissary auditor; the chief fiscal auditor was Mr. Connelly, and chief of transportation inspector was Mr. Ackerman, and myself as chief time inspector, the equivalent title of Government pay roll and timekeeping auditor.

Senator MEAD. Were all you men in agreement with regard to the condition and the situation on this project?

Mr. HELZEL. As far as my contact with all the men was concerned, we were all in agreement that the project was—

Senator MEAD (interposing). Was there any reason for you to be jealous or envious of the Quartermaster's representative? Did you by chance want to gang up on him? Were you just sore at him, or was it

a real worth-while complaint against the corruption that troubled you?

Mr. HELZEL. Never having known the construction quartermaster, I didn't know him from Adam when I came down there; it was just the principles and the rules and regulations that were being violated which caused all the auditors to feel that something ought to be done about it after they were frustrated in their attempts to gain the points with the constructing quartermaster.

Senator MEAD. And then you point out that almost everyone in authority was in agreement and probably would tell the same story you have told and would verify the story told by the witness who preceded you?

Mr. HELZEL. I think so, sir.

Senator MEAD. Well, now, did you have any reason to gang up on the contractor? Did the personal element enter into it at all?

Mr. HELZEL. No personal element at all, sir; in fact, I rather liked as persons practically all of the contractor's representatives. I think a great deal of them as persons, but in a business capacity, my job was auditing, regardless of my personal likes or dislikes.

Senator MEAD. And you would say there wasn't any ganging up on either the contractor or the Quartermaster's representative? It was just a fear that the waste and extravagance would some day be unearthed, and unless you got out from under you would be a party connected with it. Is that it?

Mr. HELZEL. That is correct, sir.

Senator BALL. When the zone quartermaster and the zone auditor came around, didn't they hold conferences with all the key Government men on the project?

Mr. HELZEL. Yes, sir.

Senator BALL. Where you had a chance to say what you thought was going wrong and what should be done?

Mr. HELZEL. That is correct, sir.

Senator BALL. Did you and Thomas speak up in those conferences?

Mr. HELZEL. We always laid all our cards on the table every time one of the representatives visited the project. Most of the material that you people are witnessing it is my belief that the zone constructing quartermaster has a copy of.

Senator BALL. At least a substantial part of it was laid before him on his various visits to the job?

Mr. HELZEL. That is correct, sir.

Senator BALL. In other words, that was one opportunity you had to go over the head of the local quartermaster—constructing quartermaster?

Mr. HELZEL. I wouldn't say go over the head, sir.

Senator BALL. I mean you went—

Mr. HELZEL (interposing). Only giving out information. I mean that was a legitimate method of giving out information to the zone auditor, and yet you couldn't directly write any letters without going through the channels.

Senator BALL. That is what I mean. But in this meeting, even though the constructing quartermaster on the job was there, you could talk directly to the zone quartermaster, the zone auditor, and tell them what you thought was wrong?

Mr. HELZEL. Just the zone auditor, not the zone quartermaster.

Senator BALL. Just the zone auditor?

Mr. HELZEL. That is all, sir.

The CHAIRMAN. All these documents you have been identifying are documents that came out of the constructing quartermaster's files at the camp, are they not?

Mr. HELZEL. That is correct, sir.

Senator BALL. Have we had the zone auditor on?

Mr. FULTON. No.

Senator HATCH. What happened to you men who asked for transfers? Were you transferred to other work?

Mr. HELZEL. I was transferred to another zone at my own request. I wanted to get out of the fourth zone completely.

Senator HATCH. How about the other men?

Mr. HELZEL. The other men all got out of the fourth zone at their request—I mean the men who asked for their transfers, Mr. Bouck and Mr. Ackerman, all of us were transferred at our own request out of the fourth zone.

Senator HATCH. You are still working on other projects, are you?

Mr. HELZEL. I am no longer working for the constructing quartermaster, but I am an employee of the War Department.

Senator HATCH. What is Mr. Thomas doing now?

Mr. HELZEL. Mr. Thomas is an employee of the constructing quartermaster.

Senator HATCH. He is still in his employ?

Mr. HELZEL. Yes, sir.

Mr. FULTON. I understand, Senator Hatch, that he has been asked informally for his resignation, which he is giving, and will be out of their employ.

The CHAIRMAN. The fourth zone's headquarters is Atlanta, Ga., isn't it?

Mr. HELZEL. That is correct, sir.

The CHAIRMAN. Major, would you get the zone auditor up here for appearance before this committee tomorrow if he can get here?

Major HILL. Yes, sir.

Mr. FULTON. Was your staff one of the staffs under Mr. Thomas that he referred to as being reduced, and if so, how much was it reduced?

Mr. HELZEL. Well, the staff was reduced from 51 to approximately 22.

Mr. FULTON. How many of those were field checkers?

Mr. HELZEL. I imagine there must have been 20 to 22 who were field checkers.

Mr. FULTON. How many did that leave you?

Mr. HELZEL. That left me about six or eight.

The CHAIRMAN. What is the name of this zone quartermaster with whom you discussed these things?

Mr. HELZEL. We had traveling representatives of the zone auditor. They were assistants to the zone auditor, who went around the circuit doing the audit. The name of the auditor is Tracy Newton.

The CHAIRMAN. Tracy Newton. That is the gentleman we want—Tracy Newton.

Mr. FULTON. How many employees did the contractor have at Government expense to be checking on this time set-up?

Mr. HELZEL. Well, they had in the time division 121 employees, and I imagine 63 employees on the pay roll in tabulating.

Mr. FULTON. I notice there seems to have been a practice to hire the wife of almost every chief timekeeper, rather as a chief time clerk. Do you know anything about that?

Mr. HELZEL. I would say it was rather the practice for every sub-department head or department head to hire at least one relative working under him.

Mr. FULTON. Now, with respect to that cut in your employment staff down to only 6 field checkers, and the contractor's organization of 184, that still left a total of 206 people at Government expense either in your department or in the contractor's. How many would have been necessary to do a good job on this?

Mr. HELZEL. I could have combined both departments, the Government and the contractor's, and taken over the cost and the timekeeping and the pay roll with between 90 and 100 employees in total.

Mr. FULTON. In other words, a saving of half.

Mr. HELZEL. Just about half, sir.

Mr. FULTON. Have you succeeded in doing that in another ordnance project?

Mr. HELZEL. I have, sir. I have, with the same amount of help and the same type of ordnance plant. We ran approximately 100 people for the type of employment that we had at the time the report was made up.

Mr. FULTON. So that it is not only an estimate, but one that you were able to put in effect in another plant?

Mr. HELZEL. That is correct, without the expense of the I. B. M. machines.

Mr. FULTON. And that would be directly in accordance with that letter 286 from General Somervell, would it not, to have the Government take over the checking of time?

Mr. HELZEL. That is correct, sir.

Mr. FULTON. A saving of 90 to 100 employees would be between \$4,000 and \$5,00 a week, would it not?

Mr. HELZEL. Approximately, sir.

Mr. FULTON. Just on that one item alone?

Mr. HELZEL. Just on that one item, not taking into consideration the cost of the rental of the I. B. M. machines.

Mr. FULTON. Would you tell us how you found that time was being taken when you came into the organization, that is, did they have time clocks and entrance gates, or did they check right on the area?

Mr. HELZEL. Well, the original plans were to have five main entrances to the reservation, with five time stations at the former gates where all the employees were checked through, and from that point they were supposed to be convoyed to the work location. That was the original set-up.

Mr. FULTON. Let me understand. Does that mean that a man's pay started from the time that he got to the gate and until he got back to the gate and that the Government also had the expense of transporting him to and from the place where he was actually working, if that happened to be distant from the gate?

Mr. HELZEL. That is correct, sir.

Mr. FULTON. And it would be distant from the gate in most instances, would it not?

Mr. HELZEL. That is correct, sir.

Mr. FULTON. And what was your proposal with respect to that?

Mr. HELZEL. Well, we had a meeting of the contractor and field auditing staff and the officers of the constructing quartermaster, at which time I introduced a system of work-location offices, which was put into effect almost immediately thereafter, abandoning all the gates.

Mr. FULTON. One of those gates that was abandoned was the Lavinia gate?

Mr. HELZEL. That is correct, sir.

Mr. FULTON. Was that ever used?

Mr. HELZEL. That was never used, sir.

Mr. FULTON. In Memphis we asked questions as to why they built two roads on the side of each other only a few feet apart, and I have since been informed that one of those roads was built in order to give access to this Lavinia gate that was never used. Is that correct?

Mr. HELZEL. I wouldn't know for sure, sir, but it would seem logical.

Mr. FULTON. Did it run to that Lavinia gate?

Mr. HELZEL. It ran right to the gate, sir.

Mr. FULTON. And that was the gate that was never used?

Mr. HELZEL. That is correct, sir.

Mr. FULTON. But it had that double concrete highway right to it.

Mr. HELZEL. When I left it had a dirt highway.

Mr. FULTON. I mean asphalt chert.

The CHAIRMAN. Black top.

Mr. FULTON. Black top chert highway. Now, with respect to the administrative pay roll of the contractor, was there an order from Washington that that should be reduced by the contractor?

Mr. HELZEL. That is correct, sir.

Mr. FULTON. In the case of Mr. Thomas' staff, he testified that he was told to cut them off the pay roll without notice and that they weren't rehired, which, of course, would be correct in view of the order he had. Did the contractor cut these people off the pay roll and not rehire them or did he engage in a subterfuge?

Mr. HELZEL. Well, we have evidence to the effect that people were transferred on this, let's call it a purge, or a cut, from the administrative pay roll to an hourly pay roll, and yet they were not doing laborers' and mechanics' work as described in the Bacon-Davis account, but they were doing administrative jobs in the field.

Mr. FULTON. And this tabulation is a tabulation of at least some of those instances, is it not?

Mr. HELZEL. That is only a very, very small portion of the transfers, sir.

Mr. FULTON. In other words, they just reclassified the name of the work under which they were hired and continued to hire the men at the same pay. And what type of work did they do, the same type of work, or different?

Mr. HELZEL. For the most part, they were doing a different type of work than prescribed in there; they were doing the same type of work as prior to the cut, for the most part. However, there were quite a number of cases where there was actual transfer of duties in addition to classification title.

Mr. FULTON. So that in some cases if there was work of that type that warranted its being done, it would have been proper to transfer him from an administrative to another pay roll where he was doing a different kind of work, that is, in some cases?

Mr. HELZEL. Well, I can't understand that. How can you take an administrative employee who is not a union member and take him off that type of work and put him on an hourly basis which should be controlled by the Bacon-Davis account, without they could requisition them from the union? Now, that is, in some cases——

Mr. FULTON (interposing). But if the man actually could do the work that he was put on, he at least was not being paid for administrative work when they were told not to have him.

Mr. HELZEL. That is correct, sir.

Mr. FULTON. But now as to many of these, they still were doing the same kind of acts that they were doing before?

Mr. HELZEL. That is correct, sir.

Mr. FULTON. So it would be a pure subterfuge to avoid the order to cut.

Mr. HELZEL. That is correct.

Mr. FULTON. As I understand it, there was a policy in the War Department to pay administrative employees of contractors in accordance with the practice of the particular contractor, at time and a half for overtime. Is that correct?

Mr. HELZEL. That is correct, sir.

Mr. FULTON. In other words, you would look to see what his prior practice had been in his own work, is that it?

Mr. HELZEL. That is correct, sir.

Mr. FULTON. In this case, were H. K. Ferguson's employees being paid time and a half before the project, and if so, for how long?

Mr. HELZEL. I don't know how long the practice was in effect at H. K. Ferguson. However, in my files at the Wolf Creek ordnance plant I had a copy of the directive from Mr. H. K. Ferguson dated, I believe, in November prior to the time that the contract was awarded, stating a policy of time and a half overtime for field employees.

Mr. FULTON. In other words, the contract was awarded, I think, in December. Do you mean that he instituted this policy of time and a half only 1 month before the contract was actually awarded?

Mr. HELZEL. I don't know whether he instituted the practice a month and a half before, but the letter was dated approximately a month and a half before they awarded the contract.

Mr. FULTON. Now with respect to the notes that were taken at a meeting of the field division, of yourself and a number of other officers and employees of the constructing quartermaster, I noticed that you said, asking the question, "How many people would you estimate on an hourly basis were doing clerical work?" The answer was given by your investigator, "Two or three on every area. I know of a one-and-a-quarter-per-hour man doing clerical work only." What would be the fact with respect to that?

(The notes referred to were marked "Exhibit No. 206" and are included in the appendix on p. 3357.)

Mr. HELZEL. Well, those were opinions and fact-findings of the time checkers that I had available at that time, and their statements were that when they checked a man who was out of classification, they

noticed it in the particular area. If they saw, for instance, three labor straw bosses or labor foremen doing purely clerical work in an area office, they made a notation of it. From those notations the notes were made at a meeting held in my office, at which meeting officials of the constructing quartermaster were present.

Mr. FULTON. Mr. Percy there informed you that the porters had been taken off the administrative pay roll and put on as laborers, with the result that the union would get \$8 or \$10 on each one. Do you mean in initiation fees, or what?

Mr. HELZEL. I imagine that that consisted of dues. That is Mr. Percy's statement, and I didn't check fully into it. Mr. Percy at that time was employed by the constructing quartermaster in my office.

Mr. FULTON. And Mr. McKeever said, "One man has been fired three or four times and each time he was put back on at a higher hourly rate. It happens that the labor turn-over is the basis of discontent on the job." In checking over these things, how many men would you estimate that you found were wrongly classified or not working at all on the project, but who were carried on the pay rolls?

Mr. HELZEL. I would say that misclassification or lack of classification or too many classifications would result in about 20 to 33 1/3 percent.

Mr. FULTON. How many would that be in men?

Mr. HELZEL. Oh, I imagine it would be at that particular time about 800 to 1,000 employees. That is only an approximate figure. I couldn't back it up right now.

Mr. FULTON. Who is Mr. Pipkin? Was he a contractor's man or quartermaster?

Mr. HELZEL. Quartermaster's.

Mr. FULTON. He says, "I found a cement mixer had not been running all day, but the men were standing around being paid. They had nothing to do but were told to report." He then said, "I was checking on the field on Saturday and found three pieces of heavy equipment not in operation, but the men were being paid \$1.50 an hour to run the machines and were not doing anything at all. They were getting double time, since it was Saturday." Is that true? Did you find such a piece of equipment?

Mr. HELZEL. That is correct, sir.

Mr. FULTON. Did you call that to the attention of the contractor?

Mr. HELZEL. That is included in that equipment report that Mr. Thomas showed you.

Mr. FULTON. Oh, among those that had the oilers and other operators?

Senator HATCH. Is that just an isolated case, or did that happen frequently, men being paid time and a half overtime and not doing anything?

Mr. HELZEL. Well, it happened so frequently I brought the situation to the attention of the labor-relations man of the contractor, Mr. Cupps. He was assistant to Mr. Miller, and incidentally a relative of the Ferguson family, and Mr. Cupps said he was holding this report in abeyance. He knew that the situation existed. That was his statement to me.

Mr. FULTON. Mr. Pipkin also says, "I found eight plumbers waiting for one common laborer to get a ditch finished. How long are they

supposed to wait on this, and whose fault is it that they have to wait in the first place? Why don't they hire more laborers and get the ditch finished sooner so the plumbers don't have to wait around so much?" Either that, or hire fewer plumbers. These things were repeatedly called to the attention of the contractor, were they not?

Mr. HELZEL. The contractor and the constructing quartermaster, sir. Incidentally, on that report, all the information was given on the field report to Major Hofto, the information of conditions in the field and the individual cases.

Mr. FULTON. And these misclassifications?

Mr. HELZEL. These misclassifications were brought to his attention. I left, however, prior to the time that anything was done about them.

Mr. FULTON. You also submitted a report with respect to one cement finisher who said that as an American citizen he didn't feel that he would like to continue on that job witnessing the type of poor work as distinguished from just waste that was being done in the cement work. Do you recall that on area N?

Mr. HELZEL. That is correct, sir.

Mr. FULTON. Well, what type of poor work was that that was involved, and what was done about it, if anything?

Mr. HELZEL. It says in this letter: "The specific complaint was that the cement being used on loading platforms was not properly mixed, that air pockets had been formed, making the resistance to a loading weight very low." I am no engineer; I wouldn't know exactly the terminology involved.

(The letter referred to was marked "Exhibit No. 207" and is included in the appendix on p. 3359.)

Mr. FULTON. But this was in respect to powder-plant operation of the Government, wasn't it?

Mr. HELZEL. No; it was with respect to the mixture of cement in the building of cement igloos for powder.

Mr. FULTON. For storing?

Mr. HELZEL. For storing.

Mr. FULTON. And as a matter of fact, that work was subsequently largely subcontracted to a firm other than the contractor, was it not?

Mr. HELZEL. That is correct, sir.

Mr. FULTON. When did you conclude to resign and whom did you go to with respect to that?

Mr. HELZEL. I put my resignation into Mr. Thomas' hands on approximately June 20, with a request for transfer also, and I gave them the option of accepting either/or.

Senator HATCH. I want to ask the witness just a question or two about himself. What did you do before you went to work on this project?

Mr. HELZEL. Before I went to work on this project I was employed by the firm of Peat, Marwick, Mitchell & Co., certified public accountants.

Senator HATCH. You are a certified public accountant?

Mr. HELZEL. I passed the New York State C. P. A. examination of October 1939. Due to the fact that they had me running all around the country, I haven't picked up my certificate yet.

Mr. FULTON. That is your profession.

Mr. HELZEL. That is right. I have, incidentally, a photostat of my having passed the examination.

Mr. FULTON. That is all right. I just wanted to know something of your background. Have you ever worked for the Government before or subsequent to that?

Mr. HELZEL. I worked for the Government in a military capacity. I was attached to the Air Corps.

Mr. FULTON. What salary do you draw?

Mr. HELZEL. I draw \$3,200 a year, sir.

Mr. FULTON. \$3,200 a year. Along the line that Senator Mead has been talking about, was there any jealousy or envy among the \$3,200 men about the \$4,000 or \$5,200?

Mr. HELZEL. I will be honest with you, I never earned more than \$3,200 a year in my life before I got in with the Government. I earned as much for a period of 4 years, 3 or 4 years, prior to the time that I got in with the Government, but I had never earned more, and I am earning the same salary with a different department and I am perfectly satisfied.

Mr. FULTON. You were not seeking an increase in your own salary?

Mr. HELZEL. No; I never put in a request for an increase in any salary with the Government. I never put in any request.

Mr. FULTON. Did anyone suggest that you resign or that you seek a transfer?

Mr. HELZEL. Nobody suggested it to me. However, Major Brewer one day said that for the sake of both of us, Mr. Thomas and myself, he had requested the zone to either terminate or transfer us. That was without our knowledge.

Mr. FULTON. Do you know whether he had actually made that request?

Mr. HELZEL. Well, he said he had. That is all I know. And a zone auditor who had come on an inspection tour made it a little more plain by saying that he had not asked that we be transferred; he had asked that we be terminated.¹

Senator HATCH. Major Brewer had asked that you be terminated?

Mr. HELZEL. Yes, sir.

Senator HATCH. The same request was made concerning the other man?

Mr. HELZEL. I don't know, sir.

The CHAIRMAN. That is all, Mr. Helzel.

Tomorrow the committee will hear Major Hofto and, if the time permits, the contractor; if not, we will hear the contractor the next day. We will recess until 10:30 tomorrow.

(Whereupon, at 12:45 p. m. the hearing recessed to reconvene at 10:30 a. m. Thursday, November 27, 1941.)

¹ See Exhibit No. 208, *infra*, p. 3098.

INVESTIGATION OF NATIONAL DEFENSE PROGRAM

THURSDAY, NOVEMBER 27, 1941

UNITED STATES SENATE,
SPECIAL COMMITTEE TO INVESTIGATE
THE NATIONAL DEFENSE PROGRAM.

Washington, D. C.

The committee met at 10:37 a. m., pursuant to adjournment on Wednesday, November 26, in room 318, Senate Office Building, Senator Harry S. Truman, presiding.

Present: Senators Harry S. Truman (chairman) and James M. Mead.

Present also: Mr. Hugh A. Fulton, chief counsel; Mr. Charles P. Clark, associate chief counsel.

The CHAIRMAN. The committee will come to order.

Mr. Newton, will you come around here and be sworn, please?

Do you solemnly swear to tell the truth, the whole truth, and nothing but the truth in the evidence you are about to give before this committee, so help you God?

Mr. NEWTON. I do.

The CHAIRMAN. Be seated, Mr. Newton, and give your name and connections to the reporter, please.

TESTIMONY OF TRACY F. NEWTON, ZONE CHIEF SUPERVISING OFFICER, ZONE FIELD AUDITORS, ATLANTA DIVISION, UNITED STATES WAR DEPARTMENT

FUNCTIONS OF SUPERVISING OFFICER, ZONE FIELD AUDITORS, WAR DEPARTMENT

Mr. NEWTON. Tracy F. Newton, Sr.

Mr. FULTON. What is your position, Mr. Newton?

Mr. NEWTON. Zone chief supervising officer.

Mr. FULTON. In the fourth zone.

Mr. NEWTON. In the fourth zone.

Mr. FULTON. And as such you would have supervision over the Milan Ordnance and the Wolf Creek plants?

Mr. NEWTON. Yes, sir.

Mr. FULTON. Will you tell us generally what your duties are in respect to those?

Mr. NEWTON. I function under the zone constructing quartermaster and have charge of the auditing and accounting, that is supervision over auditing and accounting, at all projects within the zone. The

accounting force at each project is under the constructing quartermaster. They report to the constructing quartermaster.

Mr. FULTON. So that they do not report directly to you.

Mr. NEWTON. They do not report directly to me.

Mr. FULTON. Is that a breach of duty for them to do so?

Mr. NEWTON. I would say, in a way, that it is.

The CHAIRMAN. It is a breach of regulations, anyway; a breach of duty, anyway.

Mr. NEWTON. Yes, sir.

Mr. FULTON. And then the constructing quartermaster forwards such material as has been requested by the zone to the zone, together with anything that he wants to add to it?

Mr. NEWTON. That is right, sir.

Mr. FULTON. Would you describe the procedure of accounting as far as the zone would have knowledge of what was going on in the project?

Mr. NEWTON. Well, the zone has traveling auditors who visit the projects at intervals and make a report on whether or not the different sections in the field auditor's office are properly functioning.

Mr. FULTON. And in making that report, is it his function to determine whether the field auditor is confining himself to strict accounting matters or whether the field auditor is, in addition to accounting, noting matters which might, in his opinion, relate to excess cost?

Mr. NEWTON. Well, he is to report on the activities of the field auditor; whether they are in line or out of line.

Mr. FULTON. Well, would it be out of line for a field auditor or for his assistants, in addition to looking to see whether there was a proper voucher which came within a proper category for payment, to look to see whether the actual article was necessary or was one which was useful to the project?

Mr. NEWTON. That is not for the field auditor to say, but if he is of that opinion he can refuse to approve the voucher for payment.

Mr. FULTON. Then it is for him to say, isn't it, if he is to have the power to refuse payment?

Mr. NEWTON. He doesn't have the power to approve purchases.

Mr. FULTON. But if he finds a purchase which, although in the proper category and with a proper voucher, is, in his opinion, not the right kind of purchase, he does have the authority on that ground to refuse payment?

Mr. NEWTON. He can refuse to certify the voucher.

Mr. FULTON. And, in doing so, is he violating his duty?

Mr. NEWTON. No, sir; he is not.

Mr. FULTON. So that that would be one of his functions, would it not, to keep his eyes open as well as simply to follow the routine accounting?

Mr. NEWTON. That is right.

Mr. FULTON. And in this particular case, who was your traveling auditor?

Mr. NEWTON. Well, several auditors visited the project. Mr. McKoin made more trips there and went into things deeper at that project than any of the other auditors.

Mr. FULTON. Did you yourself make trips there?

Mr. NEWTON. The first trip I made at that project was on June 30.

Mr. FULTON. And have you made any other trips?

Mr. NEWTON. I have been there twice since.

Mr. FULTON. On what dates?

Mr. NEWTON. I was there on Labor Day and I was there a week ago last Saturday.

Mr. FULTON. And what was the occasion for going on those three trips?

Mr. NEWTON. On my Labor Day occasion it was to contact Mr. Otterbein, who was field auditor at that time.

Mr. FULTON. He was the successor to Mr. Thomas?

Mr. NEWTON. That is right.

Mr. FULTON. And he has since requested that his resignation also be accepted?

Mr. NEWTON. Yes, sir. My purpose was to contact him and see whether or not everything was getting along in good shape.

Mr. FULTON. What reasons did he assign, then, in his conversation with you, for wanting to resign?

Mr. NEWTON. Mr. Otterbein didn't discuss that with me at that time.

Mr. FULTON. Did you ask him?

Mr. NEWTON. I didn't. It hadn't come up at that time.

Mr. FULTON. Have you ever asked him why he wanted to resign?

Mr. NEWTON. When the proposition came up, Mr. Otterbein called me over the telephone and asked for leave, and I do not think that I talked to him after he put in his resignation.

Mr. FULTON. But he called you and asked to be relieved?

Mr. NEWTON. No, sir; no. At the time he got a subpoena to go before the Federal grand jury he called me and told me that it was possible that he would have to be off some time on that account.

Mr. FULTON. What grand jury was that?

Mr. NEWTON. He told me it was the Federal grand jury at Louisville.

Mr. FULTON. Sitting on a matter relating to this project?

Mr. NEWTON. As he explained to me, it was in connection with some private investigating that he had done before he accepted his appointment with the War Department, and the grand jury was ready now to consider his findings in some case and would require his services.

Mr. FULTON. A case which had nothing to do with these projects?

Mr. NEWTON. He said it had nothing at all to do with this.

Mr. FULTON. And when he thereafter resigned, you had no discussion with him as to his resignation?

Mr. NEWTON. No, sir; I didn't have any contact with him at all.

Mr. FULTON. Has he ever expressed to you any disapproval of anything on this project?

Mr. NEWTON. No, sir; he hasn't.

Mr. FULTON. At no time? Did you ever ask him whether he was fully satisfied?

Mr. NEWTON. I didn't understand that question.

Mr. FULTON. Have you ever asked him whether he was satisfied with this project, with the progress of the work, the records, and so on?

Mr. NEWTON. Yes. He seemed to think that he was making good headway on the project.

Mr. FULTON. I didn't ask what he thought about his headway. I was asking what he thought about the project. Did he inform you that he thought the project was a good project that was going on without difficulty?

Mr. NEWTON. Are you talking about the project or the accounting connected with it?

Mr. FULTON. The project or the problems that might arise in connection with the project, including accounting.

Mr. NEWTON. Well, the problems of accounting would be the ones that he would be mostly interested in.

Mr. FULTON. But whether he would be mostly interested in it or not, did he ever express to you the opinion—I am trying to get an answer to that question—that there were no difficulties on this project?

Mr. NEWTON. I don't know as he ever made that direct statement, that there were no difficulties, but he was straightening everything out as it came up. I feel that he was.

Mr. FULTON. For example, when was the time auditing taken over on this project pursuant to that Letter 286 of General Somervell's?¹

Mr. NEWTON. It was taken over about 6 weeks ago.

Mr. FULTON. Taken over at a time when the committee's investigator was in the field, was it not?

Mr. NEWTON. I don't know anything about the committee's investigator.

Mr. FULTON. Anyhow, it was about the 1st of October.

Mr. NEWTON. The latter part of September or the first of October.

Mr. FULTON. And Mr. Otterbein never had any difficulty about that, neither had the constructing quartermaster?

Mr. NEWTON. Well, we had had difficulty in getting the contractor to consent to do that.

The CHAIRMAN. Did the contractor have to consent when General Somervell ordered it?

Mr. NEWTON. Well, the order sent by General Somervell stated that on projects that were under way the mutual consent of the contractor would be secured.

Mr. FULTON. Did it say anything about mutual consent or did it say that discussions were to be had?

Mr. NEWTON. The consent of the contractor.

Mr. FULTON. Are you quoting the language of that letter?

Mr. NEWTON. No; I am not quoting the exact language.

Mr. FULTON. The word "consent" doesn't appear in that letter.

Mr. NEWTON. Sir?

Mr. FULTON. Does the word "consent" appear in that letter?

Mr. NEWTON. Well, if it doesn't, it recites permission—you must secure the permission of the contractor.

The CHAIRMAN. Have you a copy of that letter?

Mr. NEWTON. No, sir.

The CHAIRMAN. We will have a copy of it for the record.²

Mr. FULTON. And as a matter of fact, was the Milan Ordnance Plant a new project or an old one as distinct from Wolf Creek?

Mr. NEWTON. It was built under a supplement of the original contract.

¹ Previously entered as Exhibit No. 196, see appendix, p. 3342.

² Ibid.

Mr. FULTON. And it was a new project, was it not, even if you made that distinction between new and old?

Mr. NEWTON. Well, that being the case, we considered it as an old project.

Mr. FULTON. But it was a new project, was it not? An entirely separate project from Wolf Creek?

Mr. NEWTON. It was a supplement to the original contract.

Mr. FULTON. Was it not an entirely separate project which you have even considered separate to the extent of building two roads so that you don't have to use one road?

Mr. NEWTON. I don't know anything about the physical features of the project, but from an accounting standpoint, for the reason that it was a supplement to the original contract, we considered it all one project.

Mr. FULTON. In any event, it was a project which was a separate project, separated, as it is, by a fence and boundary lines.

Mr. NEWTON. Yes, sir.

Mr. FULTON. One is a storage depot and the other is a plant for the manufacture of ammunition.

Mr. NEWTON. Yes, sir.

Mr. FULTON. But you didn't consider that a new project coming within the mandatory order of General Somervell?

Mr. NEWTON. No, sir; it wasn't considered that way.

Mr. FULTON. And you thought you had to have the consent of the contractor before you could put in this instruction to try to get the timekeeping under the function of the Quartermaster General?

Mr. NEWTON. Yes, sir.

Mr. FULTON. And discussions went on for how long in doing that?

Mr. NEWTON. I would say 2 months.

Mr. FULTON. As a matter of fact, the letter was dated June 7, and it was October when it was finally accomplished, and yet you found no problem in that connection.

The CHAIRMAN. Are you a certified public accountant, Mr. Newton?

Mr. NEWTON. No, sir; I am not.

The CHAIRMAN. What is your experience in auditing?

Mr. NEWTON. Six and a half years before I went with the War Department I was regional auditor for the Public Works Administration.

The CHAIRMAN. That was under Mr. Ickes?

Mr. NEWTON. Under Mr. Ickes. And during the World War period I was in charge of the final settlement of all cost-plus contracts entered into. I was a field auditor on two projects at that time, and before that I was doing public accounting, and since that, between the World War period and my P. W. A. employment, practically all the time I was a public accountant.

Mr. FULTON. Did the contractors or any of their representatives ever, in writing or by talking with you, ask you to investigate the field auditor and his staff?

Mr. NEWTON. The contractor? No, sir.

Mr. FULTON. Or any representative of the contractor, anyone working for the contractor.

Mr. NEWTON. No, sir; never did.

Mr. FULTON. Did you ever tell Mr. McKoin that someone employed by the contractor had suggested that Mr. Helzel be investigated for having loaned some money?

Mr. NEWTON. No, sir.

Mr. FULTON. You never did?

Mr. NEWTON. No, sir.

Mr. FULTON. Did you know that Mr. McKoin made such an investigation?

Mr. NEWTON. I instructed him to do it.

Mr. FULTON. Well, then, where did you hear about this?

Mr. NEWTON. It came from Colonel Green, the zone constructing quartermaster.

Mr. FULTON. And what information did he give you on that?

Mr. NEWTON. His information was a telegram from Major Brewer, the constructing quartermaster.

Mr. FULTON. And did that telegram say anything about information given by the contractor?

Mr. NEWTON. No, sir.

Mr. FULTON. It did not? You saw the telegram?

Mr. NEWTON. Yes, sir.

Mr. FULTON. What did it say?

Mr. NEWTON. I have the telegram right here, if you want to put it in the record.

The CHAIRMAN. Put it in the record.

Mr. NEWTON. It is dated June 18.

Mr. FULTON. That is about the time that there was talk of resigning out there on behalf of Helzel and others, was it not?

Mr. NEWTON. It is dated at Gibson, Tenn.

The CHAIRMAN. Read it.

Mr. NEWTON. It is addressed to the zone constructing quartermaster [reading Exhibit No. 208]:

It is requested that the services of Chief Time Inspector Leo B. Helzel CAF-9 and Field Auditor Theodore D. Thomas CAF-12 be terminated immediately as their services are unsatisfactory. Request the immediate assignment of a new chief time inspector and field auditor to this project.

(Signed) BREWER.

I was mistaken in the statement that I just made. It was another man. It wasn't contained in the telegram.

Mr. FULTON. That telegram came after those gentlemen had asked to be transferred or to be permitted to resign, did it not?

Mr. NEWTON. I think they had asked the constructing quartermaster.

Mr. FULTON. Now, what is the telegram that related to this loan?

Mr. NEWTON. It was a penciled memorandum, dated June 18, which bears the same date as this telegram, addressed to me by Colonel Green, who was the zone constructing quartermaster.

The CHAIRMAN. Read that memorandum, please.

Mr. NEWTON (reading Exhibit No. 209):

The constructing quartermaster at Wolf Creek is being relieved. He is strongly of the opinion that much of the trouble there has been caused by the field auditor and the chief time inspector (who he says runs a loan office) and he thinks they should be replaced, and I would like you to investigate and then talk to Captain Stoltz and myself.

(The documents referred to were marked "Exhibits Nos. 208 and 209" and appear in full in the text above.)

Mr. FULTON. Now, as the first step in that investigation, did you ask Mr. McKoin to ask Major Brewer what information he had and where he got it?

Mr. NEWTON. If I am correct, I think Major Brewer was not there at the time Mr. McKoin was investigating.

Mr. FULTON. Whether there or not, he could be asked where he got that information and what his information was, could he not?

Mr. NEWTON. Mr. McKoin investigated, and I don't think that he talked to Major Brewer about it at all.

Mr. FULTON. So that the man who made the complaint was not even questioned as to the foundation of the complaint?

Mr. NEWTON. I can't say as to that.

The CHAIRMAN. Did you ever talk to Mr. Helzel about it yourself?

Mr. NEWTON. No, sir.

The CHAIRMAN. Why didn't you? Wasn't he your man on the job?

Mr. NEWTON. Mr. McKoin had investigated it thoroughly. I didn't talk to Helzel about it.

The CHAIRMAN. Did you talk to the contractor about it?

Mr. NEWTON. No, sir; I did not.

Mr. FULTON. Mr. McKoin reported that he found that a loan of, I think, around \$375 to several of the subordinates had been made at a time when a pay roll had been held up by the Government for 2 weeks. Is that correct?

Mr. NEWTON. That is right.

Mr. FULTON. And that he could find no evidence that a loan had even been made with interest.

Mr. NEWTON. That is the report.

Mr. FULTON. Now what terrible effect did you ascribe to a man making a loan to his subordinates without interest at a time when the Government failed to meet its pay roll?

Mr. NEWTON. I didn't place any; as far as the record goes, Mr. Helzel is clear on those charges.

Mr. FULTON. And those were the only charges that Colonel Green or Major Brewer gave you as to which you can show us any memorandum?

Mr. NEWTON. Those are the only charges, yes, sir.

Mr. FULTON. Is that same thing also true of Mr. Thomas, that you have no written charges against him by Major Brewer or by Colonel Green?

Mr. NEWTON. No, sir.

Mr. FULTON. Or anyone else?

Mr. NEWTON. No, sir.

The CHAIRMAN. That is all, Mr. Newton.

Mr. McKoin, do you solemnly swear to tell the truth, the whole truth, and nothing but the truth, so help you God, in relation to the matters you are about to discuss with this committee?

Mr. McKoin. I do.

The CHAIRMAN. Will you give your name and connections with the Government to the reporter, please.

TESTIMONY OF J. L. McKOIN, ASSISTANT TO THE ZONE CHIEF
PROJECT AUDITOR, FOURTH ZONE, ATLANTA DIVISION, UNITED
STATES WAR DEPARTMENT

Mr. McKOIN. J. L. McKoin. I am assistant to the zone chief project auditor, fourth zone, headquarters, Atlanta, Ga.

Mr. FULTON. Mr. McKoin, are you a certified public accountant?

Mr. McKOIN. No; I am not.

Mr. FULTON. Where you requested by Mr. Newton to make an investigation of Mr. Helzel?

Mr. McKOIN. I was.

Mr. FULTON. And that was an investigation relating to this matter of his having made a loan?

Mr. McKOIN. That was one of the matters.

Mr. FULTON. What were the other matters?

Mr. McKOIN. In connection with friction that was reported between the contractor's organization and the field audit section of the constructing quartermaster.

Mr. FULTON. In other words, in connection with the matter that Major Brewer had brought to the attention of Colonel Green when Major Brewer was being relieved as constructing quartermaster.

Mr. McKOIN. That is right.

Mr. FULTON. He thought part of his troubles had been by reason of the friction that had taken place because of the action of the field auditors.

Mr. McKOIN. That was another one of the reasons for the investigation.

Mr. FULTON. Now, how many days did you spend investigating this loan situation?

Mr. McKOIN. All together, if I could guess the number of hours, it would add up to about 2 days.

Mr. FULTON. And did you make a similarly careful investigation of all the charges that had been made with respect to the conduct of the contractor?

Mr. McKOIN. I remained at the project the first trip for about 3 weeks.

Mr. FULTON. Will you tell us how you proceeded to make your checkup?

Mr. McKOIN. I examined the records and the procedure of each department of the project auditor.

Mr. FULTON. And at what date was this?

Mr. McKOIN. That was the latter part of June and the first part of July.

Mr. FULTON. Was that before or after the field auditor and a number of his staff had been requested to be transferred?

Mr. McKOIN. I never had any knowledge of any official requests for transfer.

Mr. FULTON. Was it before or after June 18?

Mr. McKOIN. Repeat the question, please?

Mr. FULTON. Was it before or after June 18?

Mr. McKOIN. Was which before?

Mr. FULTON. Your trip.

Mr. McKOIN. I don't recall the exact date. It was the latter part of June. I don't know whether it was before or after June 18.

Mr. FULTON. It was the latter part of June and I think you said the first part of July; and you said it was 3 weeks, which would be 21 days. Probably that would mean it couldn't be much before the 18th of June.

Mr. McKOIN. If you so desire, possibly I can get the exact dates.

The CHAIRMAN. I wish you would do that.

Mr. McKOIN. My assignment started on June 23. It was completed July 2.

Mr. FULTON. Now, didn't these men take up any of these matters with the zone before they reached the rather extreme action of asking for a transfer?

Mr. McKOIN. I have no knowledge that they did.

Mr. FULTON. And so far as you know they did not and their testimony, if they did so testify, would be wrong?

Mr. McKOIN. I say I have no knowledge of what they had done before.

The CHAIRMAN. How many trips did you pay to this project. How many trips did you make to this project during its construction from the time it started?

Mr. McKOIN. From this first trip in June, I think—

The CHAIRMAN (interposing). That is the first time you were there?

Mr. McKOIN. Yes, sir.

The CHAIRMAN. In June. You stayed 3 weeks that time?

Mr. McKOIN. Yes, sir.

The CHAIRMAN. And what other trips did you make?

Mr. McKOIN. After my first report, I think within about 10 days I made another trip to the project.

The CHAIRMAN. About 10 days after that?

Mr. McKOIN. That is right.

The CHAIRMAN. And then have you made any other trips?

Mr. McKOIN. I made two more.

The CHAIRMAN. What were they?

Mr. McKOIN. At the present time I just left there.

The CHAIRMAN. What was the object of your visit there this time?

Mr. McKOIN. To confer with the constructing quartermaster relative to the personnel of the field audit section.

The CHAIRMAN. With a view to probably cleaning out those who had testified before our committee?

Mr. McKOIN. No; with a view of making recommendations as to who should succeed Mr. Otterbein, who has recently resigned.

Mr. FULTON. And also, I think you said in respect to whether there should be any changes in personnel.

Mr. McKOIN. Yes; whether the present occupant should remain or be transferred or relieved.

Mr. FULTON. And as to his subordinates?

Mr. McKOIN. If I find any irregularities I would make a report on any of his subordinates.

Mr. FULTON. So that the answer to Senator Truman's question would be that you were there to consider changes in personnel, including changes that might affect some of the witnesses who had testified.

Mr. McKOIN. Well, you may construe it that way.

The CHAIRMAN. I do.

Mr. McKOIN. I thought you would.

The CHAIRMAN. I do construe it that way. Now, did these field auditors of yours, Mr. Thomas and Mr. Helzel and Mr. Harrison and Mr. McCarthy, discuss the conditions at this project with you while you were there during that 21 days?

Mr. McKOIN. Discussed conditions; yes. They made several recommendations and several accusations, and I asked for specific statements, and I asked had any payments been made to the contractor that should not have been made, and, if so, what steps had been taken to recover them. The answer I got was that they had not approved any improper payments.

Mr. FULTON. That they had refused to approve them rather than that they had not. It would have been an offense, would it not, against the United States for them to say that they had approved payments that they knew to be bad?

Mr. McKOIN. My investigation developed that they had approved payments of items subsequently questioned by them.

Mr. FULTON. And did you find that they had been directed to make the approval?

Mr. McKOIN. I did not.

Mr. FULTON. Have you yourself ever directed that certain items that had been questioned should be approved?

Mr. McKOIN. Directly? I may have suggested that, in my opinion, they should be approved.

Mr. FULTON. And you have done that, have you not?

Mr. McKOIN. Sure; that was my job.

Mr. FULTON. As a matter of fact, you have gone so far as to instruct that payments be made that were 120 percent more than the Treasury schedules on which similar articles could be purchased. Isn't that true?

Mr. McKOIN. No.

Mr. FULTON. Are you positive of that?

Mr. McKOIN. If I did, I have no knowledge of it.

Mr. FULTON. Well, did you make them without knowing what you were doing?

Mr. McKOIN. I hardly think I would occupy the job I do unless I were qualified to know what I am doing.

Mr. FULTON. Well, it is a question, I suppose, of your credibility against that of a Mr. A. E. Grissom.

Mr. McKOIN. Who?

Mr. FULTON. Mr. A. E. Grissom, Jr. In a report out there he says that the T. P. S. price is 12.2 cents on spark plugs as against a price here of 25.5 cents, and I figure out that the difference means that 25.5 cents was over 120 percent more than the Treasury schedule. He said:¹

I showed this transaction to Mr. McKoin, from the Atlanta zone office, on October 22, and he said that inasmuch as the purchase order had been issued invoices should be approved as rendered.

Does that refresh your recollection that you directed the payment of more than double?

¹ In this connection see Memorandum No. 137-A, Exhibit 5, Appendix, p. 3722 at p. 3729.

Mr. McKOIN. It refreshes my recollection that I never made any such statement as that.

Mr. FULTON. So that you say Mr. Grissom would not be telling the truth?

Mr. McKOIN. That he is incorrect.

Mr. FULTON. Would you look it over and be sure there is no doubt about it?

Mr. McKOIN. This memorandum, signed by A. E. Grissom, Jr., just states that these spark plugs for this particular type are not on the Government T. P. S. schedule.

Mr. FULTON. What memorandum is that?

Mr. McKOIN. That is the one, I take it, that you just referred to. "The T. P. S. price is about 12.2 cents each, or a savings of over 50 percent."

Mr. FULTON. They they are on the T. P. S. schedule.

Mr. McKOIN. He says up here that the AC spark plugs of this particular type are not on the Government T. P. S. schedule.

Mr. FULTON. You mean, then—

Mr. McKOIN (interposing). The ones that they bought were not on the T. P. S. schedule.

Mr. FULTON. Yes; and that similar spark plugs were on the schedule at a saving of 50 percent that he called to your attention.

Mr. McKOIN. This memorandum down here doesn't say "similar." It just says "The T. P. S. price is about 12.2 cents each, a savings of over 50 percent." He doesn't say what it is a savings on.

Mr. FULTON. Does that refresh your recollection that Mr. Grissom did bring that matter to your attention?

Mr. McKOIN. I don't ever remember seeing that before.

I remember there was some discussion about several purchase orders, but I would never instruct anybody to approve anything on the project. I may tell them that in my opinion it appears to be in order.

Mr. FULTON. Now, specifically, do you say Mr. Grissom is wrong in saying that he called your attention to that?

Mr. McKOIN. I don't even remember Mr. Grissom.

The CHAIRMAN. Mr. McKOIN, wouldn't your opinion be very highly valued by your subordinates on the job?

Mr. McKOIN. Well, some of them may not value it any higher than you do.

The CHAIRMAN. They paid the bills anyway.

Mr. McKOIN. I may call to your attention that there may be a number of bills that have been paid on projects, that material may have been purchased at less price but at an expense to the project due to an emergency requirement, keeping equipment idle, or something, and it was necessary to get it from the available source at that time.

Mr. FULTON. You now wish to correct the statement that you didn't have any such conversation with Mr. Grissom? You now say you don't know?

Mr. McKOIN. I don't say I didn't have any such conversation, but I don't remember that particular transaction there.

Mr. FULTON. And you don't dispute his statement—

Mr. McKOIN (interposing). I don't remember Grissom. I don't remember who he is or what he was doing.

Mr. FULTON. Do you remember that you did authorize the payments of more than Treasury T. P. S. schedule prices?

Mr. McKOIN. No; I specifically did not authorize any payment.

Mr. FULTON. You recommended that the bills be paid, however, due to the emergency. Is that the way you handled it?

Mr. McKOIN. I don't recall that transaction at all.

Mr. FULTON. Now, here is another one relating to batteries. It doesn't say on this paper, this particular paper, who it was who called this to your attention, but he has a memorandum in here that ¹—

These prices are considerably above T. P. S. and when Lieutenant Bruce's attention was called to it he had F. O. Company send attached letter of explanation. Mr. McKoin from Atlanta zone office stated that invoices should be approved as the purchase order had already been issued.

Do you recall anything about that?

Mr. McKOIN. No; I do not.

Mr. FULTON. What would you mean that the purchase order had already been issued, that it would be too much trouble to go back and correct it, or what?

Mr. McKOIN. If I remembered making the statement maybe I could tell you what I mean, but I don't recall any such conversation as that.

Mr. FULTON. And you think these men just wrote them down in the records at Milan, using your name gratuitously?

Mr. McKOIN. They don't even know how to spell my name.

Mr. FULTON. I see; and you don't know their names at all?

Mr. McKOIN. I don't even remember them. Whom were they employed by?

Mr. FULTON. Do you know the Denney-Caldwell Co., of Milan, Tenn.?

Mr. McKOIN. I do not.

Mr. FULTON. One reason we were interested in this is that the Denney-Caldwell Co., local dealers in Milan, Tenn., in autos, apparently didn't do too badly, on their own statement of the facts. They put 61 Chevrolets on this job at a value of \$49,827, and the actual cost to them was \$38,916, and the interesting fact is that of that they borrowed \$37,599, so their investment was the sum of \$1,317.

Mr. McKOIN. What company was this?

Mr. FULTON. The Denney-Caldwell Co.

Mr. McKOIN. I never have made an audit of that company.

Mr. FULTON. You weren't interested in auditing the question of the equipment rentals on these projects?

Mr. McKOIN. I was interested in any item that affects the improper disbursement of Government funds.

Mr. FULTON. Well, here is a case where they wrote up the value \$10,911 over their cost.

Mr. McKOIN. I have never been called upon to approve the value of equipment.

Mr. FULTON. And they had an investment of only \$1,317.

Mr. McKOIN. As an auditor, I wouldn't have anything to do with the approving of the value of equipment.

¹ See Memorandum No. 137-A, Exhibit 5, appendix, p. 3722 at p. 3729.

Mr. FULTON. And on 10 of the trucks they admit that they had no equity whatever, not even 1 penny. The lien was the exact amount of the purchase price.

Mr. McKOIN. I don't know anything about that transaction whatsoever.

Mr. FULTON. And in addition to receiving \$28,557 of rent up to the 1st of September on that stuff, they sold \$15,085.30 of parts, which is why I raise the question as to why they should be selling parts in some instances at 120 percent above T. P. S.

Mr. McKOIN. Is that memorandum a certified statement of factual data?

Mr. FULTON. Their memorandum?

Mr. McKOIN. This memorandum you just read?

Mr. FULTON. Their memorandum comes from themselves.

Mr. McKOIN. I mean the memorandum you just read.

Mr. FULTON. No; this is a memorandum coming from official——

Mr. McKOIN (interposing). I am speaking of the memorandum you just read, please, sir.

Mr. FULTON. Oh, the memorandum I just read is my own compilation from the letter of the Caldwell Co., and if you perhaps doubt that the Caldwell Co. correctly stated the facts, suppose you read their note.

Mr. McKOIN. I don't doubt it, but I was just asking what was the origin of this data.

The CHAIRMAN. The letter will be put in the record.

Mr. FULTON. I am glad that you are taking this amount of care because it indicates the care with which you must have investigated the Milan ordnance plant back in late June, and I would assume you would have paid the same detailed attention to all the matters that were brought to you by these auditors.

Mr. McKOIN. I requested the same detailed factual data from these auditors instead of opinions.

The CHAIRMAN. Did they furnish it to you?

Mr. McKOIN. No; they did not. That is the first time I knew of this transaction.

Mr. FULTON. Have you any reason to believe that the Denney-Caldwell Co. falsified the information to their discredit?

The CHAIRMAN. That letter will be made a part of the record at this point, and made an exhibit.

(The letter referred to was marked "Exhibit No. 210" and is included in the appendix on p. 3360.)

Mr. FULTON. You don't know that company at all and didn't know them at the time?

Mr. McKOIN. No, sir.

Mr. FULTON. And as to these papers from the Milan Ordnance Co., have you any reason to believe that these men put your name in there without having talked with you?

Mr. McKOIN. I don't know why they put it in there.

Mr. FULTON. But you think you didn't talk with them?

Mr. McKOIN. I beg your pardon?

Mr. FULTON. But you think you didn't talk with them?

Mr. McKOIN. I may have talked with them, but I don't know whether I talked with them about that particular item or not. I know

that I didn't recommend that they make any improper payments; on the contrary, I recommended that they not pay anything unless it was proper.

Mr. FULTON. I particularly call your attention to the Caldwell Co.'s answer to committee question No. V and ask you if it was news to you that their former employees had been hired by the contractor on this project?

Mr. McKOIN. This is the first knowledge I have of any transaction. To begin with, I imagine quite a number of the employees on the different projects were employed in similar positions with automobile companies. Otherwise they would not be able to secure experienced employees for the projects.

Mr. FULTON. Well, the Caldwell Co. here informs us that [reading from "Exhibit No. 210"]:

The following former employees of our organization have been employed by the contractor organization on this project: Dan Harmon, shop foreman; Ernest Barksdale, service station attendant. The reason for termination of employment with our company was that they received more money with the contractor organization.

More money, however, which was being reimbursed by the Government. Is that true?

Mr. McKOIN. I imagine they paid the wages required by the Bacon-Davis Act, as approved by the Department of Labor.

Mr. FULTON. Shop foremen?

Mr. McKOIN. If they worked on an hourly basis. I don't know about the foremen, but the mechanics—

Mr. FULTON (interposing). In any event, it was paid by the Government.

Mr. McKOIN. Well, as an auditor, I wouldn't have any say-so of approval of it.

Mr. FULTON. Wouldn't it have to be paid by the Government if the contractor was paying it on this project?

Mr. McKOIN. If it was properly authorized for the contractor to make the payment.

Mr. FULTON. You mean if he put in the proper voucher?

Mr. McKOIN. That is right; if it was properly substantiated.

Mr. FULTON. Which he probably did, don't you think, for men that he was paying on the pay roll of this project?

Mr. McKOIN. I don't know whether those were properly authorized or not. I haven't checked the records.

Mr. FULTON. In any event, our interest here related to the fact that \$15,000 of parts were sold by this company for this project on which their ex-employees had been hired by the contractor, and the connection comes with this T. P. S., and we wondered whether this had ever been called to your attention.

Mr. McKOIN. No; it never has been called, and if there was anyone employed on the project in the C. Q. M.'s organization that had any knowledge of any improper relations they should have reported it to the constructing quartermaster long before an investigating committee developed.

Mr. FULTON. And, if they did report that, would that be in line with their duty?

Mr. McKOIN. Sure it would.

Mr. FULTON. And if they reported it to anyone else, would it be out of line with their duty?

Mr. McKOIN. To anyone else?

Mr. FULTON. To anyone other than the constructing quartermaster.

Mr. McKOIN. I should say that it would be out of their line of duty because all reports should be through their superior.

Mr. FULTON. And, as a matter of fact, after you made your investigation, you did make a report criticizing these men, or some of them, because they had done things that you considered out of their line of duty by making incorrect charges?

Mr. McKOIN. That is correct.

Mr. FULTON. And when you said you spent 21 days there, I took down the dates, and I think you told me it was June 23 to July 2, didn't you, when you read from your paper?

Mr. McKOIN. Yes, sir.

Mr. FULTON. That isn't 21 days, is it?

Mr. McKOIN. I may have it confused with some other project. I have done quite a few of them.

Mr. FULTON. Well, it amounts up to 9 days, doesn't it, one of which was a Sunday and one of which was a Saturday, and then you deduct 2 full days of work for the investigation you made of Mr. Helzel's loan, and it leaves 7 days, less whatever time you took off on Saturday and Sunday as being the amount of the investigation on this project. Is that correct?

Mr. McKOIN. It may be another Sunday. I was en route to Milan on Sunday, the 22d.

Mr. FULTON. Even if there was only one Sunday, it still leaves 7 days, less the Sunday time.

Mr. McKOIN. Let's see if I can complete the file on it.

Well, the exact dates are on record in the zone office. I don't recall the exact dates. I just gathered this stuff up together as copies of the report I had issued. This is not a complete file that I have here but the best I remember, I was in Milan approximately 3 weeks, and there may have been some time that I was called into the zone and asked to do some work on some other project and then returned to Milan.

Mr. FULTON. And how long had you been out at Milan this last time?

Mr. McKOIN. Since last Friday.

Mr. FULTON. Have you read the committee transcript?

Mr. McKOIN. I read it coming up in the car yesterday. When I left somebody handed me the clippings. Your committee transcript? No. I read the clippings out of the Commercial Appeal of Memphis.

Mr. FULTON. Did you read those all the way?

Mr. McKOIN. I read the ones that they gave me.

Mr. FULTON. I mean did you read the whole article?

Mr. McKOIN. There were about four or five articles.

Mr. FULTON. But did you read all the articles?

Mr. McKOIN. All that they gave me, all that I had.

Mr. FULTON. In your work down in Memphis, you hadn't had any occasion to go into any of those matters until yesterday afternoon?

Mr. McKOIN. Down in Memphis?

Mr. FULTON. I mean in Milan.

Mr. McKOIN. Have occasion to do which?

Mr. FULTON. You were in Milan yesterday. How long had you been there?

Mr. McKOIN. Since last Friday.

Mr. FULTON. And that would be 6 days?

Mr. McKOIN. That is right.

Mr. FULTON. And you arrived there 2 or 3 days after the committee left Memphis. But during that interval of 6 days, you hadn't gone into even the newspaper clippings?

Mr. McKOIN. I didn't know anything about the committee meeting in Memphis until I got to Milan and somebody asked me had I seen the clippings. As a matter of fact, I attended my father's funeral last week and had been at home for 3 days, and I didn't know anything about what was going on in Memphis.

Mr. FULTON. And after you were handed the clippings, you waited 6 days before looking at them?

Mr. McKOIN. That is right, because I had read the ones of the previous congressional investigation and thought possibly they were on the same line. I was familiar with the situation.

Mr. FULTON. I think you might read them to ascertain whether they are.

Mr. McKOIN. Well, I don't know why I should audit the newspaper stories.

Mr. FULTON. I think it would be a little better to read the hearings transcript itself, but in any event, you haven't yet done that?

Mr. McKOIN. How is that?

Mr. FULTON. You haven't yet done that?

Mr. McKOIN. I didn't know that I had access to the committee's transcript.

The CHAIRMAN. Oh, yes. They are public documents. Everybody has access to them.

Mr. McKOIN. Well, did you think to mail me one?

The CHAIRMAN. We will do that, and I think probably you will find it incumbent upon you to take some action after you have read it.

Mr. McKOIN. I will be glad to read it.

The CHAIRMAN. You at least didn't seem to take much action on the investigation that you made down there.

That will be all, Mr. McKOIN.

Mr. McKOIN. Thank you, sir.

The CHAIRMAN. Major Hofto, have you been sworn?

Major HOFTO. No, sir; I have not.

The CHAIRMAN. Major, do you solemnly swear to tell the truth, the whole truth, and nothing but the truth in your testimony before this committee, so help you God?

Major HOFTO. I do.

The CHAIRMAN. Will you be seated there, Major, and give your name, rank, and connections to the reporter?

TESTIMONY OF MAJ. GLEN E. HOFFTO, CONSTRUCTING QUARTERMASTER, WOLF CREEK ORDNANCE PLANT AND MILAN ORDNANCE DEPOT, MILAN, TENN.

TRANSFER OF TIMEKEEPING AND PAY-ROLL RECORDS TO QUARTERMASTER CORPS

Major HOFFTO. Maj. Glen E. Hoffto, constructing quartermaster, Wolf Creek ordnance plant and Milan ordnance depot, Milan, Tenn.

Mr. FULTON. Major Hoffto, did you succeed Major Brewer after he had been relieved?

Major HOFFTO. Yes, sir.

Mr. FULTON. And with respect to that letter 286 and attempting to obtain the transfer of the keeping of records on time and other matters from the contractor to the Quartermaster Corps,¹ did you make efforts to have that done?

Major HOFFTO. I did. It had already been done, however, before I arrived on the project; that is, a report was sent to the Quartermaster General stating that it was not in accordance with that paragraph which allows the contractor not to have to accept it in case of those projects which are already continuing.

Mr. FULTON. If I understand you correctly, you mean that the previous quartermaster in charge of construction had likewise tried to do it, and you don't mean that it had been done, but only that he had tried to do it.

Major HOFFTO. That is right.

Mr. FULTON. When did you arrive on the project?

Major HOFFTO. July 7, 1941.

Mr. FULTON. I show you portions of papers and ask you whether you can identify them.

Major HOFFTO. This one is a letter that I wrote to the contractor, asking that a meeting be held with representatives of the contractor and my field auditor and with a view to instigating the letter 286. This is the reply from the contractor.

(The letter referred to was marked "Exhibit No. 211" and is included in the appendix on p. 3361.)

Mr. FULTON. In other words, you were on the job early in August trying to accomplish the transfer of those functions pursuant to letter 286?

Major HOFFTO. I was on the job when?

Mr. FULTON. I mean you were trying to accomplish the transfer pursuant to General Somervell's letter.

Major HOFFTO. I was trying to carry out my orders directed from higher authority.

Mr. FULTON. And with respect to this August 5 letter of yours, I note that it says [reading from Exhibit No. 211]:

Timekeeping and pay-roll preparation.
To Ferguson-Oman Co., contractors.

Upon the direction of higher authority, the chief project auditor's staff is required to take over the timekeeping and pay-roll preparation of the prime contractor, the architect-engineer, and all fixed-fee subcontractors on this project. It is anticipated that the chief project auditor's staff will be able to take

¹ See Exhibit No. 196, appendix, p. 3342.

over this work the week beginning August 24, 1941. However, more definite arrangements will be made at a later date.

Major HOFTO. That is correct.

Mr. FULTON. And instead of making those arrangements, the contractor replied to you the next day that [reading from Exhibit No. 212]:

We are not in favor of having the constructing quartermaster take over these functions and request this protest be carried to higher authority. Construction Division Letter No. 286 states that the Government will take over pay-roll and timekeeping functions on all new projects. We quote further from that letter: "The change in operations may also be applied to any other fixed-fee project, regardless of the percentage of its completion, where a mutual agreement is reached between the constructing quartermaster and the contractor to have certain functions handled entirely by the Government's staff."

This has not been accomplished, and we therefore feel it does not apply to this contract. We believe this order is a direct violation of our contract, which specifically provides we are to handle all phases of the work as well as labor relations. When the Government takes over the pay-roll function they become a party to any pay-roll disputes and are therefore automatically connected with labor.

A representative of the Inspector General's office was here in the early part of July, and at that time this matter was discussed, and it was our understanding that as long as we felt we were better able to handle this function, that was all that was necessary.

(The letter referred to was marked "Exhibit No. 212" and is included in the appendix on p. 3361.)

Mr. FULTON. In other words, the contractor was very definite that he didn't want the Government to have control over the timekeeping function, was he not?

Major HOFTO. That is expressed in the letter.

Mr. FULTON. And even though you had been directed by higher authority to make the request you did, the contractor suggested you go back and get still other higher authority to reverse that.

Major HOFTO. I forwarded that reply to higher authority.

Mr. FULTON. And during the next 6 or 8 weeks the contractor continued to control that function, did he not?

Major HOFTO. Yes, sir.

Mr. FULTON. And it was about October 1, wasn't it, that—

Major HOFTO (interposing). I believe it was October 5—around that date, anyway. It was close to that date.

Mr. FULTON. And on that date, Mr. Robinson, the committee's investigator, was in your office, was he not?

Major HOFTO. You are speaking about when the C. Q. M. took over the time?

Mr. FULTON. Yes.

Major HOFTO. That is about October 5. I believe Mr. Robinson was there. I am not positive, but I believe he was.

Mr. FULTON. And when you went over to the contractor and told him that you were going to take over that function, did they again object?

Major HOFTO. I didn't go over to the contractor and tell him that I was going to. I wrote that letter and asked him—

Mr. FULTON (interposing). No, no, no. I am talking about in October when it was actually transferred. Didn't you go over and ask them to transfer it?

Major HOFTO. No, sir.

Mr. FULTON. Did he come to you?

Major HOFTO. We had a meeting in my office.

Mr. FULTON. At your request?

Major HOFTO. At my request.

Mr. FULTON. But you requested that the meeting be held.

Major HOFTO. Yes, sir.

Mr. FULTON. On this subject.

Major HOFTO. Yes, sir.

Mr. FULTON. And at that time when you brought it up, the contractor acquiesced or not?

Major HOFTO. Yes, sir; he acquiesced.

Mr. FULTON. And it was so transferred pursuant to that acquiescence?

Major HOFTO. Yes, sir.

Mr. FULTON. Have the other provisions of that letter 286 all been put into effect?

Major HOFTO. No, sir; they have not.

Mr. FULTON. Which ones have not?

Major HOFTO. The material checking and the tool and equipment checking.

Mr. FULTON. So that the contractor still does that, and has refused to allow the Government to do it.

Major HOFTO. We did not attempt that, inasmuch as we did not feel in those departments that it was as necessary.

Mr. FULTON. Materials, for example?

Major HOFTO. Yes, sir. In other words, we have co-supervision over there.

Mr. FULTON. Are you satisfied that you have a full and complete audit on materials?

Major HOFTO. I am.

Mr. FULTON. And you would take issue with Mr. Thomas when he said that that was the weakest division in the field auditor's office?

Major HOFTO. I would.

Mr. FULTON. And that he would recommend a post-audit?

Major HOFTO. I would recommend a post-audit of those transactions that occurred during his administration as project auditor.

Mr. FULTON. But not during any subsequent administration?

Major HOFTO. No, sir.

Mr. FULTON. And why the distinction?

Major HOFTO. I beg pardon?

Mr. FULTON. Why the distinction? Why not have a thorough post-audit if you are going to have one?

Major HOFTO. I am willing to.

Mr. FULTON. But I mean why recommend a partial one? Had you any special reason for that?

Major HOFTO. Well, it perhaps would be a very good idea to have a post-audit of the entire project after it is completed.

Mr. FULTON. And we should wait until after it is completed?

Major HOFTO. No. It can be carried on from the start, now.

Mr. FULTON. But you feel you had a complete audit currently as you went along?

Major HOFTO. Yes, sir; we did.

Mr. FULTON. And on equipment?

Major HOFTO. Yes, sir.

Mr. FULTON. And you never had any occasion to criticize the questions of equipment?

Major HOFTO. Never had occasion to do what?

IDLE EQUIPMENT

Mr. FULTON. Did you personally ever have any occasion to criticize the handling of equipment, the rentals?

Major HOFTO. We had problems on that project, just the same as we have on all other projects that I have been on.

Mr. FULTON. In fact, you took a pretty firm position on idle equipment on behalf of the Government.

Major HOFTO. Yes, sir; I did. Those are problems that will come up on all projects.

Mr. FULTON. Well, I don't know. Have you been on other projects?

Major HOFTO. Yes, sir; I have.

Mr. FULTON. And would you name the other projects?

Major HOFTO. I was at Camp Livingston.

Mr. FULTON. Where you had a schedule showing item after item of equipment idle 100 percent for a month.

Major HOFTO. No, sir.

Mr. FULTON. Can you name one?

Major HOFTO. I beg pardon?

Mr. FULTON. Can you name one other project in which you were in the Quartermaster Corps and you found such a condition to exist?

Major HOFTO. Well, I don't know. I wouldn't say that whole list would be found on all projects.

Mr. FULTON. But you think it might be fair to assume that on all projects—

Major HOFTO (interposing). There will be some always.

Mr. FULTON. There would be a lot of equipment idle for a month 100 percent of the time?

Major HOFTO. Not large equipment—small equipment; yes, sometimes.

Mr. FULTON. And the equipment listed here included considerable large equipment, did it not?

Major HOFTO. Some of it broken down, of course.

The CHAIRMAN. Major, did you say you came to this project from Camp Devons?

Major HOFTO. Camp Livingston, sir.

The CHAIRMAN. That is in Montana?

Major HOFTO. No, sir. That is out of Alexandria, La.

The CHAIRMAN. Alexandria, La.

Mr. FULTON. The schedule, of course, makes a distinction between idle and broken down.

Major HOFTO. Yes, sir.

Mr. FULTON. So that as to the idle equipment, it isn't equipment that was broken down.

Major HOFTO. Yes, sir.

Mr. FULTON. You were quite astonished on receiving this report which related to a matter before you took charge.

Major HORTO. It concerned me.

Mr. FULTON. And I note here that on the 7th of August you wrote to the Ferguson-Oman Co. on the matter of releasing idle equipment, attaching a list for their inspection.

Major HORTO. Yes, sir.

Mr. FULTON. And saying that if it is used 50 percent of the time or more, it should not be released, but [reading from Exhibit No. 213]:

where equipment is used consistently less than 50 percent of the time, there is a very definite indication that it is not rendering continuous and efficient service as is called for on the rental agreement and should be released from this project. You will notice on the attached report that there are a great number of pieces—

(The letter referred to was marked "Exhibit No. 213" and is included in the appendix on p. 3362.)

Mr. FULTON. I am using your language—

that have been idle between 90 and 100 percent of the time, which reveals very clearly that these should be released at once.

You underscored the "at once."

Major HORTO. That is right.

Mr. FULTON (continuing):

Please furnish this office immediately with a report either as to why this equipment has been kept on the job and when you intend to release same, or give very definite reasons as to why it should be kept on the job.

And then I note that you apparently didn't get such a report, because you wrote again, the date not being on the letter, saying [reading from Exhibit No. 214]:

With reference to our memorandum of August 7, no answer has been received to date. If this office has not received a report regarding the release of this equipment or an explanation as to why it should be retained on the job by noon, August 22, steps will be taken to release all the equipment listed that was not used more than 50 percent of the time during the month of June.

(The letter referred to was marked "Exhibit No. 214" and is included in the appendix on p. 3362.)

Mr. FULTON. Apparently you had some difficulty getting him to answer a request that you underscored the words "at once" on, and asked for an immediate reply.

Major HORTO. I wanted action.

Mr. FULTON. I know you did.

Major HORTO. Those things required study, though.

Mr. FULTON. But you felt it necessary to set a mandatory date by which they would answer?

Major HORTO. I wanted the information right then. I wanted to get the equipment off or use it, and I got a reply.

Mr. FULTON. That reply came in on the 23d, did it?

Major HORTO. I don't recall.

Mr. FULTON. If it was the 23d, that would be 15 days after you asked for it.

Major HORTO. Yes, sir.

Mr. FULTON. And what was that reply?

Major HORTO. Well, I have a copy of it, if you want to see it.

(The letter referred to was marked "Exhibit No. 215" and is included in the appendix on p. 3362.)

Mr. FULTON. Did they furnish an explanation?

Major HORTO. Yes, sir.

Mr. FULTON. That was entirely satisfactory to you?

Major HORTO. Yes, sir; with few exceptions.

Mr. FULTON. What were the exceptions?

Major HORTO. Well, I don't know. I would have to look at those, if you will excuse me.

They have gone through and explained each one of these for me in this report to me, and the exceptions that I took——

Mr. FULTON (interposing). Would you put a little check on the ones that you made an exception to?

Major HORTO. I made an exception to the long list of vibrators that were in for repairs and also for all this amount that they had on hand. Those were the exceptions that I made to this explanation.

Mr. FULTON. That was the last two pages. May I have that explanation?

Major HORTO. Do you wish to have a copy of it?

Mr. FULTON. We can give you back your copy and take a copy later, but I wanted to see it now.

Major HORTO. You take the whole thing.

Mr. FULTON. I note on the date that they waited until the day after your dead line and then transmitted this to you August 23.

Major HORTO. Well, I think they brought me over a copy of their original explanation before they transmitted it to me with that letter of transmittal. I am not sure.

Mr. FULTON. Well, the letter of transmittal to their project manager wasn't signed until August 21, so he didn't even have it.

Major HORTO. August 21?

Mr. FULTON. According to this. Mr. Faulk and Mr. Atkin.

Major HORTO. Wasn't my letter asking for the report by August 22?

Mr. FULTON. Oh, yes; but I mean they waited until the 22d or the 21st.

Major HORTO. I knew they were working on the report.

Mr. FULTON. Let's take a typical explanation here on the first one that I have located, an A-40 tractor, which was listed as 85 percent idle during June. The only explanation they give is, "This tractor now working for railroad division." That, to you, was 100 percent satisfactory?

Major HORTO. No; it wasn't 100 percent satisfactory, but it was an explanation to keep it on the job.

Mr. FULTON. In other words, if they put it to work on the 20th of August, that satisfied you?

Major HORTO. No, sir.

Mr. FULTON. Well, there is nothing here that indicates that it did any work before that. This is no explanation of why it was idle in June; no explanation at all, is it, Major?

Major HORTO. Not on that item there; no.

Mr. FULTON. Well, let's take the next one. The next is the same thing. "This tractor now working for railroad division." "Tractor 89," it says, "was down for repairs. Now working for road division." That would be a partial explanation as to that, but that was listed as broken down in your schedule.

Now, "Tractor 90 has been assigned to electrical division, to be put to work on 8-22- or 23," indicating that it was going to be put to work simultaneously with their giving you this memo.

Major HORTO. That is right.

Mr. FULTON. Did you regard that as an explanation for the lack of activity in June?

Major HOFTO. No. I assigned my operations officer to check into those particular pieces of equipment and report to me.

Mr. FULTON. Is there anywhere in this explanation of theirs any explanation of why it was idle in June?

Major HOFTO. No, sir; there is none.

Mr. FULTON. Not a word, is there?

Major HOFTO. No, sir. I didn't ask for it.

Mr. FULTON. And was there an explanation as to what it was doing in July? In some cases there might have been, but in the average did they even tell you that?

Major HOFTO. I beg pardon.

Mr. FULTON. Did they even tell you, as to the average piece, whether it had done any work in July?

Major HOFTO. They didn't tell me that. That had already passed when I was notified of what idle equipment there was.

Mr. FULTON. Well, it was a past act. Didn't you think it was desirable to do something about rentals that were being collected on this equipment for this idle time?

Major HOFTO. I was trying to take care of my job the best I could.

Mr. FULTON. Well, the contractor here, of course, was spending a great deal of Government money for rentals, and he was given a large fee to use good judgment, the same kind of management that he would use in his own work, wasn't he? Is it usual for them to rent a lot of equipment on their own work and allow it to stand idle a month or so at a time?

Major HOFTO. Maybe not a month or so, but most lump-sum contractors have spare equipment on hand.

Mr. FULTON. They have some, but not——

Major HOFTO (interposing). On a large project such as that they do have.

Mr. FULTON. You have item after item of heavy equipment idle 100 percent of the month of June. Do you think that would be——

Major HOFTO (interposing). Perhaps not 100 percent.

Mr. FULTON. Most of these items, or at least a good many of them, are 100 percent, and a lot of the others are 98 percent. Isn't that true?

Major HOFTO. That equipment, by the way, has the idle time figured on a 24-hour basis.

Mr. FULTON. But on 100 percent, it doesn't make much difference whether you figure it on 24 hours or 8 hours.

Major HOFTO. No, sir.

Mr. FULTON. It is still idle for a month, isn't it?

Major HOFTO. Yes, sir.

Senator MEAD. Ninety-seven percent would make 3 percent difference.

Mr. FULTON. Yes. You didn't think it desirable to check on whether the contractor had exercised prudent care in getting that equipment there long before he had any use for it?

Major HOFTO. I felt that action was required to get it off the job if it wasn't required.

Mr. FULTON. But that there was no action necessary to see to it that he should be held accountable for waste if he got it on the job when there was no necessity for it.

The CHAIRMAN. Do you understand the question?

Major HORTO. I understand. It is my job to look after that; yes, sir.

Mr. FULTON. And particularly where the equipment perhaps belonged to the contractor himself. Did any of this equipment belong to the Oman Construction Co.?

Major HORTO. I am not sure.

Mr. FULTON. Did you check on that?

Major HORTO. I did not.

Mr. FULTON. But it would be particularly important that none of his equipment should be brought on there when it wasn't going to be used, would it not?

Major HORTO. I might add some of it was to be used in the Milan ordnance depot, which was starting at that time.

Mr. FULTON. Any way you look at it, this equipment was at least a month ahead of time, during which time rent was paid while it was sitting idle?

Major HORTO. I would not say that.

Mr. FULTON. Why wouldn't you?

Major HORTO. I would say, though, that the equipment had been used on the Wolf Creek ordnance plant and had been held there after the completion of its work for use in the Milan ordnance depot as soon as plans could be completed for it.

Mr. FULTON. And did you ascertain that that was the fact with respect to this particular equipment?

Major HORTO. Well, it was right at that time when we were doing it, and that is the reason that I wasn't so much concerned right then.

Mr. FULTON. But I speak of this particular equipment. Did you check to make sure that these items came from the Wolf Creek?

Major HORTO. They were on the Wolf Creek.

Mr. FULTON. Are you sure of that?

Major HORTO. I am not sure.

Mr. FULTON. As to all these items?

Major HORTO. I am not sure about 100 percent of them.

Mr. FULTON. But as to some of them?

Major HORTO. Most of them.

Mr. FULTON. And when did they cease to be of any use on the Wolf Creek project?

Major HORTO. Apparently during the month of July.

Mr. FULTON. Well, June, isn't it? July. How about June? Did you ever check June?

Major HORTO. No, sir; I never have.

Mr. FULTON. Did you check May or August?

Major HORTO. No, sir; I never have. I don't know that a record was kept of idle equipment in the past months. I am not sure.

Mr. FULTON. So that you would tend then to agree with the testimony in Memphis that it was difficult to get records during those early times?

Major HORTO. No; I don't.

Mr. FULTON. You disagree with it?

Major HORTO. Yes, sir.

Mr. FULTON. Why do you disagree if you now think you may not know that there was a record?

Major HOFTO. Well, I am not sure whether—you see, that record is prepared by the constructing quartermaster. It is merely a record at the job site, and I am sure that there is a record kept. However, I have not looked into it.

QUALITY OF IGLOO CONSTRUCTION

Mr. FULTON. Now with respect to the quality of the construction that the contractor was engaging in, particularly cement-igloo work, did you ever have occasion to criticize that?

Major HOFTO. Yes, sir; I have.

Mr. FULTON. And do you have any letter that you wrote to the contractor criticizing the quality of his work?

Major HOFTO. Yes, sir; I have.

Mr. FULTON. Could you produce that?

Major HOFTO. I have written several letters.

Mr. FULTON. Would you produce the several?

Major HOFTO. Do you have any one in mind?

Mr. FULTON. Would you produce the ones that you wrote being critical of it?

Major HOFTO. Do you have in mind this one, on August 14?

Mr. FULTON. That is one that I hadn't in mind, but let me see it. This is a letter requesting that attention be given to your previous memorandum that you apparently had sent, asking for an explanation of the "incorrect location of platforms on igloos in the M area." A follow-up memo was mailed to the office of the architect-engineer on July 30, stating that no reply had been received. This failure on the part of the architect-engineer—that was the Ferguson Co., was it not?

Major HOFTO. H. K. Ferguson.

Mr. FULTON. They acted both as architect-engineer and as one of the two joint contractors.

Major HOFTO. That is right.

Mr. FULTON. What do you think of that practice in general? Do you think it should be the situation where you should have one outfit acting both as architect-engineer and as contractor?

Major HOFTO. Well, I hadn't really been critical of it.

Mr. FULTON. If you build a house, you very frequently hire an architect largely for the purpose of seeing to it that the contractor does his job. Isn't that true?

Major HOFTO. That is right.

Mr. FULTON. In private housing?

Major HOFTO. Yes, sir.

Mr. FULTON. Wouldn't it also be true in the case of the Government that if you are going to have work done, it would be well to have an independent check-up on it, too?

Major HOFTO. It is well. However, if there are two different sections of the company, I believe that there is a distinction there.

Mr. FULTON. Yes; the distinction between the right hand and the left hand.

Major HOFTO. That is right.

Mr. FULTON. In any event, you wrote them on the 14th of August, calling attention to the fact that on the 30th of July you had asked for an answer to a previous memorandum. Does that mean that they had been disregarding your request for an explanation?

Major HOFTO. Well, I don't know.

Mr. FULTON. Now with respect to those platforms, does this mean that the platforms were out of alinement?

Major HOFTO. Yes.

Mr. FULTON. In some cases 4 or 5 inches higher or lower than they should be?

Major HOFTO. I would say around that figure.

Mr. FULTON. In order to understand the importance of that, would you explain what is being loaded.

Major HOFTO. Well, ammunition.

Mr. FULTON. TNT or high-powered ammunition?

Major HOFTO. I don't know whether that is what it will be.

Mr. FULTON. But it is Government ammunition for military purposes?

Major HOFTO. That is right.

Mr. FULTON. And it is being loaded onto a platform from a box-car or a freight car?

Major HOFTO. From a boxcar.

Mr. FULTON. It would be rather important not to have it, as it is being wheeled off the boxcar, dropped 4 or 5 inches with an impact on cement, would it not?

Major HOFTO. I would say it would.

Mr. FULTON. It might cause loss of life?

Major HOFTO. Yes.

Mr. FULTON. And it was for that reason that you regarded it as important that there be a proper alinement?

Major HOFTO. I regarded that there should be.

Mr. FULTON. In addition, you say that—

Since the joint inspection of area M last week, it has been reported to this office that curtain walls on igloos have been omitted. This condition is apparently in violation of the plans and specifications under which the igloos were constructed inasmuch as the plans call for curtain walls to retain the earth full under the floating flat floors.

Was that another safety measure to be put in there to take care of conditions that existed in handling high explosives?

Major HOFTO. No, sir.

Mr. FULTON. What was it put in for?

Major HOFTO. To provide substantial fill under the concrete floor.

Mr. FULTON. So that the floor wouldn't sag and break?

Major HOFTO. So it wouldn't settle.

Mr. FULTON. And those were specifications that the Ferguson Co., as architect-engineer, had written into the specifications?

Major HOFTO. Yes, sir.

Mr. FULTON. But which they, as contractor, had failed to comply with?

Major HOFTO. No. They had made a study of that particular one, as they explained to me, but it had never been referred to the constructing quartermaster.

Mr. FULTON. You mean they determined to omit?

Major HOFTO. Yes, sir.

Mr. FULTON. And you concluded that the omisison was proper?

Major HOFTO. I concluded that it was all right; yes, sir.

Mr. FULTON. Then you say—

An inspection of area P discloses the fact that where floors for igloos are poured on fills, the fill has not been compacted properly or for some other reason settlement of floors in many igloos is beginning to appear.

Major HOFTO. I wouldn't say many. I hope you interpret this letter as one of my "skins" to the contractor.

Mr. FULTON. In other words, you said things in there that were not correct?

Major HOFTO. No.

Mr. FULTON. When you said that floors of concrete that had been put in within only the last few months were already settling down, did you mean that?

Major HOFTO. There was small settling along the edges or cracks in the corners.

Mr. FULTON. If you were building a house and you found that happening to your basement, you would be concerned about it, wouldn't you, and you were concerned here. Did you regard that as proper construction?

Major HOFTO. Well, I wrote in my letter about it.

Mr. FULTON. And the only thing necessary to correct it was to see to it that they used a tamp a little bit before they poured the concrete on the fill, wasn't it?

Major HOFTO. Yes, sir.

Mr. FULTON. Rather a simple, elementary thing known to almost every common workman, and it had been neglected in this instance.

Major HOFTO. Well, no. I don't think it was neglected. They might not have tamped it as much as they should have.

Mr. FULTON. Then, going into two other igloos, 80 and 81, both were found to be in an extremely unsatisfactory condition. This fact was pointed out at the time.

Igloo P-80 had a hole in the front wall, approximately 2 feet by 4 feet, which had been patched about 1½ hours prior to the above-described inspection. The undersigned discovered the hole, which had been partially filled with concrete, and by the time the second inspection was made, workmen had already filled in the remaining holes with cold-patch material, apparently with the purpose of keeping these conditions from the view of superiors.

In other words, you make the charge there that they were trying to deceive or that someone was trying to deceive by attempting to patch up work which wouldn't pass inspection.

Major HOFTO. I am positive it wasn't the contractors, though.

Mr. FULTON. Who was it?

Major HOFTO. It was some foremen on the job.

Mr. FULTON. That the contractor had hired?

Major HOFTO. Yes, sir.

Mr. FULTON. By "positive it wasn't the contractor," you mean Mr. Ferguson didn't go out and do the patching.

Major HOFTO. That is right.

Mr. FULTON (continuing):

The forms used in the construction of these igloos were not only inadequate as to strength, because the igloos in question were badly out of line—

That is simply a matter of surveying, isn't it?

Major HOFTO. No.

Mr. FULTON. To make a line and determine where you are going to put your forms?

Major HOFTO. No. I will have to explain it to you. The wooden forms have a tendency to deflect somewhat unless they are braced very rigidly, and it is very difficult to keep them without getting those waves in them. That is what I was talking about there.

Mr. FULTON. Was it important that those waves not be in it?

Major HOFTO. It was desirable. It was not important as to strength or anything like that, however.

Mr. FULTON. Well, you say here:

Certainly an engineer on the job, when forms are being erected, can foresee the quality of workmanship that will result from using such poor forms.

Major HOFTO. Well, I mean the forms that are spotty on the inside or that have batches of concrete that might have been torn off the wall of a previously poured igloo and remaining on there, when it is really a cast in which concrete is poured. I was trying to get them to clean those forms off before pouring the concrete.

Mr. FULTON. You were trying to get them to do what you as an engineer would have regarded as the ordinary prudent type of work on that kind of project; is that it?

Major HOFTO. That is the way I would like to have it done; yes, sir.

Mr. FULTON. And the way you think an ordinarily prudent engineer would have done it.

Major HOFTO. That is right.

Mr. FULTON. That goes on with a number of other items—I think you list 15 paragraphs in this letter—and then there were one or two other letters which also criticized workmanship. They were particularly on igloos, were they not?

Major HOFTO. I don't recall whether I wrote any other letters or not.

Mr. FULTON. You wrote one about the 21st of August, didn't you?

Major HOFTO. I may have. I may be able to find it here.

Mr. FULTON. I was only interested in that because it referred to cracks in concrete. You did find that there were——

Major HOFTO (interposing). Well, the 21st of August was the letter asking about the platforms.

Mr. FULTON. Yes. And you complained about finding cracks in concrete as one of a number of defects, did you not?

Major HOFTO. Yes, sir.

Mr. FULTON. Did you ever hear the charge to the effect that instead of driving the steel whalers out that had been used to support forms for the igloos after they were completely poured, they had neglected to put in insulation material, and as a result the steel became fast in the concrete and was left there, and that instructions were given to drive them out as few inches as they could and cut off the tops and then drive them back in and fill them with concrete?

Major HOFTO. No, sir; I have never heard anything about that.

Mr. FULTON. Well, have you ever seen this paper form your files?

Major HOFTO. I have never seen this before.

Mr. FULTON. If that was in fact done, it would be a very serious thing, would it not?

Major HOFTO. I haven't read it yet.

I don't quite get what he is after. It appears that this is just a ground rod. A ground rod doesn't necessarily have to be insulated to function.

Mr. FULTON. I am not talking about insulation to function. The insulation would be to put some soft material around it so that after the concrete had been poured and was hardened, you could knock the steel form out of the concrete igloo and then remove it, leaving it protected from lightning with the ordinary lightning rods and grounding. But if instead of removing it, you forgot to put your insulation to enable you to pull it out, about all you could do would be to cut off the top and bury it, leaving a steel rod in there that was not grounded, which would be subject to lightning.

Major HOFFO. The igloos are all tested before acceptance.

Mr. FULTON. You are sure that practice wasn't done?

Major HOFFO. Yes, sir. They are all tested before acceptance.

Mr. FULTON. Would you check up in your own organization on this paper, which I think came from your files, and find out what was done about that charge?

Major HOFFO. All right.

Mr. FULTON. And as I said, it would be serious, would it not, Major, if you allow steel which is ungrounded to remain in ammunition igloos?

Major HOFFO. I beg pardon.

Mr. FULTON. It would be a serious matter, would it not?

Major HOFFO. It wouldn't be possible. We couldn't have the Ordnance Department accept those igloos if they don't pass a certain test as far as resistance.

Mr. FULTON. You saw the explanation of how it might pass the test, by sawing off the tops and patching up with concrete, so that might be possible, might it not?

Major HOFFO. If it was not grounded, but I can't understand how it could be changed and still pass the safety inspection of the Ordnance after they get in operation.

Mr. FULTON. How would they see it?

Major HOFFO. They would be testing those from time to time.

Mr. FULTON. With instruments that would indicate the presence of iron?

Major HOFFO. Yes, sir.

Mr. FULTON. I wish you would check and have them test in that particular area—

Major HOFFO. I will be glad to.

Mr. FULTON. Where that charge was made by those workmen, which apparently was brought to the attention of someone in your organization.

Major HOFFO. That is the first knowledge I have had of it.

Mr. FULTON. Now, in addition to charging that the work was poor in at least the respects that you mentioned in your letters, you experienced difficulty in getting an answer to those things. Did you finally get an answer to them?

Major HOFFO. Oh, yes.

Mr. FULTON. And, as a matter of fact, the final disposition was to enter into a subcontract to have that work performed by the Midwest Co., was it not—the construction of igloos?

Major HORTO. Not in the Wolf Creek Ordnance Plant. It was done by the Ferguson people.

Mr. FULTON. The igloos in that plant?

Major HORTO. Yes; but in the Milan Ordnance Depot; yes, sir.

Mr. FULTON. Have you any comments to make with respect to the efficiency of the Midwest Co.? Were they efficient?

Major HORTO. They are experts.

Mr. FULTON. Was their work subject to the same criticisms that you made in those letters to the contractor?

Major HORTO. No, sir. They have different forms to work with, however.

Mr. FULTON. And they are superior workmen; is that it?

Major HORTO. Well, they have steel forms, in the first place, which is much more satisfactory. The reason that steel forms were not purchased before was that with only approximately 140 igloos in the Wolf Creek Ordnance Plant, the purchase of forms to build those igloos would have cost so much that the cost of the igloos would have been excessive, even more than any other way, so they didn't do that.

Mr. FULTON. You found that the purchase of steel forms had been expressly considered in the early stages at the Wolf Creek Plant and rejected?

Major HORTO. Well, I found that they had been considered but rejected because of high cost.

Mr. FULTON. And is that evidenced in written material in your office, or was this a conversation?

Major HORTO. I do not believe so.

Mr. FULTON. This was a conversation?

Major HORTO. It may be.

Mr. FULTON. Months later as to what had been discussed earlier?

Major HORTO. That is right.

Mr. FULTON. And who told you that?

Major HORTO. I believe the ordnance officer, the commanding officer, Major Horridge, and I were discussing that; yes, sir.

Mr. FULTON. Now, with respect to the rapidity of the work of the Midwest, was it more rapid as well as better in alinement?

Major HORTO. You mean Midwest Construction Co.?

Mr. FULTON. Yes; as compared with the Ferguson-Oman work.

Major HORTO. Well, I don't believe that I can render a comparison because working with steel forms and wood forms is an entirely different procedure.

Mr. FULTON. Are you sure you never have rendered a comparison to anyone, including Ferguson-Oman?

Major HORTO. Oh, I may have verbally.

Mr. FULTON. Have you ever told them that their work was not as fast or as good as the Midwest?

Major HORTO. No, sir.

Mr. FULTON. Have you ever told anyone else that?

Major HORTO. Not to my knowledge.

Mr. FULTON. You are sure of that?

Major HORTO. I am sure, as much as I know now I am sure of it.

Mr. FULTON. Isn't it a fact, though, from the time-element standpoint, that those igloos are being constructed at a greater rate of

speed by the Midwest Co. than was ever achieved by the Ferguson-Oman?

Major HOFTO. Certainly they are, but Ferguson-Oman never had the equipment to work with.

Mr. FULTON. All right. Now, in addition to that, is it being achieved at a lesser cost?

Major HOFTO. That is right.

Mr. FULTON. So it is both faster and cheaper?

Major HOFTO. That is right.

Mr. FULTON. And, in addition, better quality.

Major HOFTO. Well, the quality is because you have the forms.

Mr. FULTON. But in any event, it is better quality.

Major HOFTO. I am sure that the Ferguson-Oman Co. could do as good a job with steel forms as is being done by Midwest. Inasmuch as Midwest Construction Co. are igloo specialists, I believe they have built more igloos in this country than any other company.

Mr. FULTON. Ferguson-Oman——

Major HOFTO (interposing). They are specialists; they are organized.

Mr. FULTON. Ferguson-Oman having built how many igloos before they had this job?

Major HOFTO. You would have to ask them that. I don't know.

Mr. FULTON. Have you ever heard of as many as one?

Major HOFTO. I have never discussed with anybody about that.

Mr. FULTON. But in any event you have now on that job, doing the igloo work, which is substantially the bulk of the Milan work, is it not——

Major HOFTO. It is the bulk of the building work. We have road work down there, considerable of it, too, because that is all truck delivery to the igloos.

Mr. FULTON. Yes; the road work for the truck delivery, and I suppose the excavation.

Mr. HOFTO. You have storage magazines which are buildings. You have administration areas. You have your power lines, and lighting around the fence.

Mr. FULTON. You mention those things, but at the same time you say that the bulk of the construction work is the igloo work on the Milan Ordnance.

Major HOFTO. I never figured it out to know whether it was the bulk or not, but there are 700 igloos to be built.

Mr. FULTON. Yes; and as to those you have an efficient subcontractor doing that work.

Major HOFTO. Yes, sir.

Mr. FULTON. And the Ferguson-Oman——

Major HOFTO (interposing). They have the labor contract only.

Mr. FULTON. Yes. Well, now, the Oman Co. is one of the contractors here which was primarily to do the grading, the dirt moving, sewers, electric lines, and things of that kind, as distinct from construction, was it not?

Major HOFTO. I didn't get you.

Mr. FULTON. I mean, isn't there a distinction between the Ferguson Co. and the Oman Co. in that the one, the Oman Co., is a road construction company which has had a lot of experience in that line in

dirt moving, sewers, and other such things, whereas the Ferguson Co. is more of a building construction concern and less of a road construction.

Major HOFTO. That is the way the work has been divided on the project.

Mr. FULTON. So there is that division between the two companies in their work and in their activities.

Major HOFTO. Oh, they work as one unit, very closely interrelated. You can't draw the line.

Mr. FULTON. I notice that the Oman Co. had, I think, a 37½ percent participation and the Ferguson Co. a 62½ percent.

Mr. H. K. FERGUSON. May I correct that? I am Ferguson. That is 50-50.

Mr. FULTON. I see. So I wondered, Major Hofto, if the Ferguson Co.'s work, or at least the construction of igloos on this project, is being done through the Midwest Co., what would you say the contribution of the Ferguson Co. to that project is, I mean as distinguished from the Oman Co. What is there left for the Ferguson Co. to do for its fee?

Major HOFTO. Well, that would have to be worked out on engineering costs in order to get the figures on that. I couldn't give it to you.

Mr. FULTON. Well, as an engineer have you any opinion as to whether they have done 50 percent of the work that would be involved in that project?

Major HOFTO. Probably some less than 50 percent.

Mr. FULTON. Were they supposed to do the surveying?

Major HOFTO. Who?

Mr. FULTON. The Ferguson Co.

Major HOFTO. The architect engineer, H. K. Ferguson; yes, sir.

Mr. FULTON. Was that subcontracted?

Major HOFTO. No, sir.

Mr. FULTON. You are sure of that?

Major HOFTO. Yes, sir.

Mr. FULTON. I thought I noted some subcontracts for surveying.

Major HOFTO. The only expense that we went to, which, of course, is natural with the contract, is we have to have a county surveyor's certificate on their surveying so as to render the proper plats to certain places to acquire the land. There is no subcontract in connection with that.

Mr. FULTON. It would be hiring local surveyors who had the certificates.

Major HOFTO. They don't even do any work; just like a notary public, it is certified to.

Mr. FULTON. Just an added expense.

Major HOFTO. No; it is not.

Mr. FULTON. Well, they do no work and they had to be hired.

Major HOFTO. What I mean is that you have to pay for a notary's seal.

The CHAIRMAN. The county surveyor, in other words, has to make a certificate that the survey made is as——

Major HOFTO (interposing). He knows the property, of course; he knows the property and he can certify to it.

Mr. FULTON. In that connection I note in the equipment that a lot of this equipment especially had licenses; trucks would be licensed by the State, would have to be if privately owned. Now, in many instances that would be several hundred dollars a truck, would it not, in State licenses?

Major HOFTO. I don't know what the license fees are in the State of Tennessee.

Mr. FULTON. You do know, however, that they run generally in most States to rather sizable sums?

Major HOFTO. Yes; they do.

Mr. FULTON. So that, in addition to paying these equipment rentals, the excess price that they added on over their cost, the Government, by reason of using private vehicles, is paying a lot of State license fees that would not be necessary if it were operating its own vehicles?

Major HOFTO. If it were Government owned, they wouldn't need licenses.

Mr. FULTON. And in the aggregate on all the equipment in the country that would amount to a very sizable figure, not just on your project, but on all.

Major HOFTO. With respect to these subcontracts, have you personally checked into those where they have had subcontracts on a cost-plus-fixed-fee basis?

Major HOFTO. There was only one that I didn't have first-hand knowledge of, and that was the one that was consummated before I arrived on the project.

Mr. FULTON. Do you think that when a contractor is paid a fee of some hundreds of thousands of dollars for the purpose of managing a project, solely because he is supposed to know how, that he should hire a subcontractor on a cost-plus basis with an additional fee, paying him for the real know-how that is being exercised?

Major HOFTO. It is done as a commercial practice.

Mr. FULTON. But it is a fee on a fee, is it not?

Major HOFTO. That is right.

The CHAIRMAN. In the commercial practice that you talk about, the payment of the subcontractor comes out of the profits of the general contractor.

Major HOFTO. Not in every case.

Mr. FULTON. And in those cases where it doesn't, it usually is true, is it not, that that is an arrangement made at the time that his original fee is determined?

Major HOFTO. That is right.

Mr. FULTON. He says, "I want to subcontract this part of the work."

Major HOFTO. That is right.

Mr. FULTON. Were these subcontracts that were made during the progress of this job ones that had been taken into consideration at the time the Ferguson-Oman fee was determined when the contracts were entered into?

Major HOFTO. I believe they were. I could check up and let you know at a later time, but I believe they were.

Mr. FULTON. If you would.

Major HOFTO. Yes, sir.

Senator MEAD. I would just like to ask the chairman if we are going to hear the zone auditor.

The CHAIRMAN. We have heard him.

Senator MEAD. Well, I was going to ask that we might hear the chief auditor of the Army to find out what sort of system they have to prevent repetitious incidents like has happened here.

The CHAIRMAN. We have heard the zone auditor, both of them.

Senator MEAD. Then, Mr. Chairman, I would like to ask what penalty, what discipline, is a representative quartermaster like this Major Brewer subject to. We hear a lot about penalties inflicted upon selectees for yoo-hooing girls. In case of malfeasance in office amounting to thousands and probably hundreds of thousands of dollars, are these men subject to military court martial?

The CHAIRMAN. Yes; they are, but in most instances where they have uncovered cases of this kind it has been the policy of the Quartermaster Corps to promote the gentlemen who have been responsible for the action. I don't know what they have done in the case of Major Brewer. That is particularly true at Camp Blanding. [The constructing quartermaster there who balled things up very seriously was promoted.

Senator MEAD. So yoo-hooing is more serious than just waste and extravagance?

The CHAIRMAN. Than wasting the Government's funds; that is true, that is true.

Major, that is all.

Mr. WILL R. MANIER, Jr. Mr. Chairman, may I make a brief suggestion?

The CHAIRMAN. I am going to give you a chance to talk all you want to.

Mr. MANIER. I just wanted to ask the committee to ask a question of this witness. We are not allowed to cross-examine. I want to ask the committee to ask him a question. There have been many questions asked of other witnesses for criticisms of the contractor, and here is the man who is responsible for it all, and I think his opinion of the contractor's work and what he has done and whether they have done it efficiently and cooperatively and fairly and kept the proper records ought to be put in this record in fairness.

The CHAIRMAN. You may answer that, Major Hofto.

Major HOFTO. All right. I arrived on this project on July 7, and I was brought up to Washington and was told that I was to go to the Wolf Creek ordnance plant down in Milan, Tenn. I went on down there, and I knew there must be—that is, there was a reason for my going there; there must be. So I immediately got in contact with my superior, and as a result I believe I asked for Mr. McKoin to come over and consult with me soon after that. I believe he arrived 2 or 3 days later. We have gone over the situation. Mr. Otterbein was sent down there to take over the Milan Ordnance Depot as a separate project. It was contemplated as a separate project entirely from the Wolf Creek ordnance plant, a new contract to be let, and a force of auditors had been sent down there to study the problems. There were Mr. Otterbein, Mr. Code, Mr. McCarthy, and Mr. Eakle, and at that time it was recommended by me and by Mr. McKoin that inasmuch as these former auditors had requested their transfer, to permit it, and then Mr. Otterbein, who is a very high-type gentleman—I am sorry that he isn't here so that he could testify before you—came and we

all talked together, and I believe that there were many things that had been going on before I arrived that were not entirely according to Hoyle; in other words, there were many papers being sent to the contractors directly over an individual's signature who was not the contracting quartermaster. Put yourselves in my position. We have got to have some head to an organization; we have got to have somebody who should know most all the answers, and the answers in this case had not been known. I made it a point that I wanted to know all the answers and I wanted things to go across my desk, written by the individuals; the letter that they would want would go across my desk to the contractors in the same way that he organized the contractors, that everything would go through the project manager. Perhaps things took such a sudden change that Mr. Atkin didn't realize that there was a change.

Mr. FULTON. He is the project manager of the contractor?

Major HOFTO. He is the project manager.

Mr. FULTON. Of the contractor?

Major HOFTO. Of the contractor. He is the project manager for Ferguson-Oman, and he probably doubted my spirit, and in that letter that you just read, that is the first part of my testimony. I informed him of my spirit on this job, that I was here to represent the Government on this project and that there were certain contractual items to be met and I was going to see that they were met. The zone constructing quartermaster visited very often, probably at intervals of a week apart, from the time I arrived.

The CHAIRMAN. That was Colonel Green?

Major HOFTO. I beg pardon?

The CHAIRMAN. That was Colonel Green?

Major HOFTO. It was Colonel Green up to slightly before I was transferred, and then it was Colonel Strong.

The CHAIRMAN. Colonel Strong?

Major HOFTO. Yes, sir. We had a little talk, Mr. Ferguson, Mr. Atkin, Colonel Strong, and myself. From that date I can offer no objections to the manner in which the project has been carried on.

Mr. FULTON. What was that date?

Major HOFTO. I would say that it was around August 14. We have progressed. I instructed the auditors that, when we are critical with the contractors, let's be critical and tell them how it should be done; let's catch the things as they are happening, not wait until after they have already happened and then try to correct them.

The CHAIRMAN. That is what this committee is trying to do with all these construction jobs. I don't know whether we are doing it.

Major HOFTO. That is what I am doing down there now, Senator Truman.

The CHAIRMAN. That is what I want you to do.

Major HOFTO. We are catching those things as they are happening now.

The CHAIRMAN. That is what the taxpayers are paying you for, and I am told that you are doing a good job and I want to compliment you on it.

Major HOFTO. We are catching those things as they happen. We are trying to render constructive criticism to the contractor to assist him in his work, and I have no complaints to offer at this time, from

that date on. I have received the heartiest cooperation, and that leads me to believe that the folks that preceded me probably didn't offer that cooperation.

Senator MEAD. What about those letters of criticism that you wrote to the contractor after you had been there?

Major HOFTO. Not after August 14. I don't believe I have written any letters.

Senator MEAD. Where were you when you wrote that letter?

Major HOFTO. That was the letter about igloos?

Senator MEAD. That was the letter I had reference to. How long before that letter did you arrive on this project?

Major HOFTO. Not more than—well, it was approximately five weeks.

Senator MEAD. Were there any idle machines, as was listed in that record, lying around there after you arrived?

Major HOFTO. There was idle machinery there; yes, sir. As I explained before, the Milan ordnance depot was just getting into full swing at that time, and we were in the midst of completing plans for that depot. In checking on those things I rely a great deal on my operations officer, Lieutenant Wise, who is a fine, capable engineer.

Senator MEAD. As I understand it now, the contractors were probably bad boys before you got there. You said that they did lots of things—

Major HOFTO (interposing). I don't say that the contractors are wholly at fault.

Senator MEAD. You said that they weren't working according to Hoyle.

Major HOFTO. No; I didn't say that. I said I was commenting on the Audit Section of the C. Q. M. when I said that.

Senator MEAD. Oh.

Mr. FULTON. How about the C. Q. M. himself?

Major HOFTO. I don't know. I never knew Major Brewer. I have never seen the gentleman except that I understand he was in Washington last year before I went to Camp Livingston and he and I were in the same building together.

The CHAIRMAN. The evidence would tend to prove that after Major Brewer had had his sisters and his cousins and his aunts taken care of by the contractors, he was sort of down off his pedestal and he couldn't tell them what to do and they went ahead and did just as they pleased. When they got a new C. Q. M. they straightened up and evidently did a fair job. Is that a proper translation?

Major HOFTO. I don't know what happened before I got there.

The CHAIRMAN. That is what our records would tend to prove.

Senator MEAD. This recommends itself to me as a proper question. I don't know who this party is over at my right or whom he represents, but he must have anticipated a good recommendation from you or for whomever he represents, because he broke into the proceedings to ask the committee to ask you what you thought about the contractor. You certainly have gone down the line for the contractors. Now, it occurs to the committee that you might be able to do a good job for the committee by telling us what you think about your predecessor. Now, in that connection, you don't seem to know, and it occurs to me that you ought to have a pretty good idea about what he was.

Major HOFTO. He was at fault. I said he made many mistakes. They have all been brought out in the testimony.

Senator MEAD. You said a moment ago you didn't know.

Major HOFTO. I don't know firsthand. I wasn't there to witness anything.

Senator MEAD. Well, I think the average man that succeeds someone and knows why he is succeeding him could tell the committee a pretty good story. In view of the fact that you are rather hesitant about that story and that you volunteered to give the contractors a fairly good recommendation, it looks to me as though you could be a little better witness for the Government.

Major HOFTO. Well, I have talked to various ones, officer personnel, that were there when Major Brewer was there, and this is what I am led to believe.

Senator MEAD. And this is your Government and you ought to pull your hair down before the committee and tell what you think about it.

Major HOFTO. I am. I say all I have is what I hear, and I am told that if Major Brewer hadn't come into Wolf Creek in the manner in which he did, preceded by this Mr. Gilbert Olson, that you know, and—

The CHAIRMAN (interposing). Mrs. Schultze.

Mr. FULTON. Alma Campbell.

Major HOFTO. Is that who it was? I know it was his secretary. If he hadn't done that—he made an impression right off, when he came in, that didn't make folks like him. Now, outside of that, how Major Brewer acted I don't know. I do know this. The way I found the officers at the time I arrived, they were much disorganized. They didn't seem to have much responsibility placed on them by the former C. Q. M., inasmuch as I believe that Mr. Gilbert Olson was handling the situation pretty well.

Senator MEAD. In view of the fact that this man Brewer, as I am told, gave a fairly good account of himself while working on another project with another contractor, and they came in here and started a game of "You scratch my back and I'll scratch yours, you put a lot of my relatives on your pay roll and I'll take care of something for you," the fact that you knew that and that anybody knew that that was sent there, especially as you were sent there, would indicate that there was something wrong with the contractor or they wouldn't expect to go along with a man who was sent there to police the job. The average contractor who doesn't want any favors is going to do his job and do it according to Hoyle and won't make any suggestions along that line to the man who is supposed to be policing the job. They would be independent of each other and stand on their own feet. They wouldn't ask each other for any favors that would create a condition that was untenable between them. And of course you saw that, and I am surprised that you didn't tell that to the committee, that you were very much surprised at both Mr. Brewer and the contractors for the collusion that evidently has taken place in connection with this project.

Major HOFTO. That had all gone before I arrived here.

Senator MEAD. Yes; but you knew about it. It should have impressed you with an opinion; whether that is a high or low opinion, I don't know.

Major HOFTO. Well, I wouldn't do that myself, Senator.

Senator MEAD. No.

Major HOFTO. That is my opinion.

The CHAIRMAN. That is the reason you are able to make the contractor perform. You weren't under obligations to him for any personal favors.

Major HOFTO. No, sir; I was not.

Senator MEAD. That is what I wanted to bring out. If it is your opinion, then, when this gentleman——

Major HOFTO (interposing). I wouldn't do that myself.

Senator MEAD. All right; that is what I want to bring out. When this gentleman to my right solicited your opinion for the record, I thought that you ought to put that part of the story into it, and now you have. I am glad you have, because I think you are doing a good job; but I know you know the situation down there.

Major HOFTO. That is right. Well, I didn't know anything about Major Brewer personally. I never served with him. I don't know anything about him that way. All I know is what I have heard in discussions, and I just say that I wouldn't do the same thing.

Now, there is one thing that I would like to ask about. You have a letter in the file that you brought out this morning, I believe in one of the former testimonies from this man, this car dealer in Milan.¹

The CHAIRMAN. Yes; Caldwell.

Mr. FULTON. Denney-Caldwell; yes.

Major HOFTO. I want to ask if that shows the net profit. It shows the gross profit, but I wondered if it shows the net profit.

Mr. FULTON. They don't give their net profit. What it does show is the amount of rental. It shows the amount they paid for the equipment, the amount they charged as its valuation to the Government, and the amount which you will be paying if you recapture it, on which there would be a gross profit, I think, amounting to eleven or twelve thousand dollars.

Major HOFTO. Shouldn't the net profit be shown?

Mr. FULTON. We would be very glad to have their statement of the net profit and the number of percent that that would be on their investment, which I think you could probably compute, as an engineer, fairly accurately.

Now, one other question: In view of this recommendation of the contractor as having done a good job since you were there, was there ever any discussion, that you ever heard of, of changing the contractor?

Major HOFTO. Yes; before this incident that I mentioned; sure there was. No; there was no discussion of changing the contractor. There was a discussion about the project manager only.

Mr. FULTON. Getting rid of Mr. Atkin, the project manager of the contractor?

Major HOFTO. That is right.

Mr. FULTON. No discussion of changing the contractor himself?

Major HOFTO. To my knowledge before me or any discussions in which I have been engaged, I have never overheard any such discussion.

¹ See Exhibit No. 210, appendix, p. 3360.

Mr. FULTON. When you say discussion of changing the project manager, do you mean that you were going to insist on that if they didn't change their disregard of your letters?

Major HOFTO. Well, I felt that I wasn't getting full cooperation.

Mr. FULTON. Well, you knew that from their failure to answer your letters, didn't you?

Major HOFTO. That is what I said.

Mr. FULTON. And there was a change in the personnel director of the contractor, was there not, a Mr. Oscar Miller?

Major HOFTO. Yes, sir.

Mr. FULTON. And was that a change that you wanted?

Major HOFTO. It was a change in which I heartily agreed.

Mr. FULTON. Did you ask for it?

Major HOFTO. No; I did not.

Mr. FULTON. Did you suggest that it might not be a bad idea if he were changed?

Major HOFTO. I had a little talk with the project manager and I believe one of the contractors in my office one time, and pointed out the things that were existing and that I would like to have something done about it.

Mr. FULTON. And it was done.

Major HOFTO. Yes, sir.

The CHAIRMAN. That is all, Major.

The committee will recess until 10:30 tomorrow when we will hear the contractor.

(Whereupon, at 12:45 p. m. the committee recessed until 10:30 a. m., Friday, November 28, 1941.)

INVESTIGATION OF NATIONAL DEFENSE PROGRAM

FRIDAY, NOVEMBER 28, 1941

UNITED STATES SENATE,
SPECIAL COMMITTEE TO INVESTIGATE
THE NATIONAL DEFENSE PROGRAM,
Washington, D. C.

The committee met at 10:39 a. m., pursuant to adjournment on Thursday, November 27, in room 318, Senate Office Building, Senator Harry S. Truman, presiding.

Present: Senator Harry S. Truman (chairman).

Present also: Mr. Hugh A. Fulton, chief counsel; Mr. Charles P. Clark, associate chief counsel.

The CHAIRMAN. The committee will come to order.

Mr. Manier, which members of the contracting firm are here besides yourself representing them?

Mr. WILL R. MANIER, Jr. Mr. John Oman and Mr. Stirton Oman, of the Oman Construction Co., and Mr. H. K. Ferguson, of the H. K. Ferguson Co., and his son, Kingsley Ferguson.

The CHAIRMAN. And have you other employees that are likely to be questioned?

Mr. MANIER. We have other employees.

The CHAIRMAN. Suppose you have all those stand who are likely to be questioned.

Mr. MANIER. I think Mr. H. K. Ferguson and Mr. A. K. Ferguson and Mr. Stirton Oman are the ones.

The CHAIRMAN. Gentlemen, do you solemnly swear to tell the truth, the whole truth, and nothing but the truth in the testimony before this committee, so help you God?

Mr. H. K. FERGUSON. I do.

Mr. A. K. FERGUSON. I do.

Mr. STIRTON OMAN. I do.

Mr. MANIER. I do.

The CHAIRMAN. Mr. Manier, will you take the chair over there, please? If you want somebody to help you with your papers you are perfectly welcome to have anybody sit there with you. You can have the contractor sit there, if you like.

Mr. MANIER. I will have Mr. Kingsley Ferguson sit here.

The CHAIRMAN. Mr. Manier, will you state your name and connections to the reporter for the record?

**TESTIMONY OF WILL R. MANIER, JR., MANIER & CROUCH,
NASHVILLE TENN.**

Mr. MANIER. My name is Will R. Manier, Jr. I am a partner of the law firm of Manier & Crouch in Nashville, and am counsel for the Oman Construction Co. and the H. K. Ferguson Co. in this proceeding, who are joint contractors.

Mr. FULTON. Are you counsel for any of the other companies involved in the project?

Mr. MANIER. No, sir; not that I recall; I mean none that have been mentioned in this record. I am counsel for some people that have sold things. I represent a great many people in the building trades, but none that have been mentioned in this record, that I recall. If I should run across any I will be glad to label them.

The CHAIRMAN. Mr. Manier, I think you had a statement that you wanted to make for the record, for the benefit of this committee. You may proceed with that statement in any manner you wish.

Mr. MANIER. Very briefly, what I want to do I will outline, and then proceed to do it. You know, of course, there are many charges in the record which from our standpoint we consider untrue, and insinuations and innuendoes which we have attempted to meet in affidavit form, and I first want to present those affidavits—of course not read them.

The CHAIRMAN. They will be made exhibits and attached as part of the record.

Mr. MANIER. As long as they will not be printed, I would like briefly to state the purpose of the affidavits and I will do that as briefly as I can.

The CHAIRMAN. Proceed.

Mr. MANIER. I have attempted to organize them in such a way that I can quickly present them, but I will have to tie them in with my notes, and that will save time.

The CHAIRMAN. That is perfectly all right.

Mr. MANIER. I have arranged it by witnesses, so as to meet the testimony of the individual witnesses. I start with Mr. Philip W. Harrison. He is the man who came from Camp Blanding. You remember the comment you made about that.

The CHAIRMAN. Yes; I do. My comment was on Miller.

COST TO GOVERNMENT FOR TRANSPORTATION OF PROJECT EMPLOYEES

Mr. MANIER. I appreciate that. We have him also, an assistant to Miller at Camp Blanding. In support of that, I have two affidavits here which I am prepared to file. He testified, as you remember, to pools and convoys, and there are two affidavits here, those of William H. Humphrey and Howard Miller,¹ to the effect that his only duties at Camp Blanding and his only experience had been in handling a pool of from 12 to 22 trucks, convoying workers a distance of 9 miles, and previously he had been an insurance agent. He testified, as you will recall, that he was dismissed and in his own testimony indicated dismissal for going over the heads of his superiors. The reasons for dis-

¹ See Affidavits Nos. 56 and 57, appendix, pp. 3516 and 3518. See also Affidavit No. 56-A, appendix, p. 3516.

missal are given in an affidavit of John H. Taylor,¹ who is the superintendent of transportation and equipment.

The reason for his dismissal was refusal to comply with the rules and regulations of my department as established by me with the approval of Mr. W. H. Faulk, general superintendent.

I am quoting from Taylor's affidavit.

Mr. FULTON. Does he state what those rules were?

Mr. MANIER. No, sir; I don't think he goes into detail.

Mr. FULTON. Were they insistent upon establishing no relationship for discussion with the Quartermaster Corps?

Mr. MANIER. Sir?

Mr. FULTON. I say, what were the rules; do you know?

Mr. MANIER. Except as the affidavit, I do not personally know.

Mr. FULTON. I think it would have been better if he had put down the rules so that we might know what they were.

The CHAIRMAN. Those rules can be made a part of the record, can they not?

Mr. MANIER. I am sure they can. Mr. Kingsley Ferguson can state them.

Mr. KINGSLEY FERGUSON. The rule was that he could not contact the Quartermaster Corps direct, for this reason: There were 187 C. Q. M. employees, average, throughout the life of this project. If 187 employees were giving orders direct to our subordinate personnel, our executives could in no way be aware of what was going on. The executives were responsible for this transportation department, and the orders given to us by the C. Q. M., which we were supposed to carry out, were being short-circuited by contact between subordinates.

Mr. FULTON. And it was because Mr. Harrison talked directly to the quartermaster staff that he was said to be violating the rule.

Mr. KINGSLEY FERGUSON. Yes, sir.

Mr. MANIER. He went over the heads of his superiors.

Mr. KINGSLEY FERGUSON. Without the knowledge of his superior man in our organization.

Mr. MANIER. He was an employee of the contractor and not of the quartermaster.

The CHAIRMAN. I understand.

Mr. MANIER. Now, I read from the affidavit of John H. Taylor:²

About the middle of May 1941, in an attempt to reduce the cost and expense of operating my part of the work, I was present at a conference between Mr. A. K. Ferguson and one of the Army officers connected with the constructing quartermaster assigned to the camp, and the suggestion was made that the "Master re-cap of vehicle operation" that had been kept from the beginning of our operating could be eliminated and done away with as the Government could get the same information from other departments, and by agreement between Mr. Ferguson and the constructing quartermaster, I was directed to stop making out this "Master re-cap of vehicle operation." The making of same required the full services of five of my office help. After the conference I instructed Mr. Harrison that it had been agreed with the constructing quartermaster that this record was no longer to be kept. He persisted in continuing to make this report out with my reduced office help, which got my office well behind with its detailed paper work and even then he was well behind in these reports.

That is one of the reasons.

¹ See Affidavit No. 58, appendix, p. 3518. See also Affidavit No. 58-A, appendix, p. 3534.
² Ibid.

Now, Harrison, in his testimony, on page 2664 of the record, claimed to have recommended the discontinuance of the convoy system. Mr. Taylor in his affidavit testifies that it was discontinued on his orders with the approval of his superior, Faulk, but that Mr. Harrison still insisted on the old system.

Mr. Harrison in his testimony testified that there were 16 motor pools in Wolf Creek ordnance plant and the Milan ordnance depot, at page 2664 of the record. Taylor testifies—I think I am quoting¹—

The greatest number of pools ever operated at any one time by dispatchers and clerk was seven.

Mr. Harrison testified that if the pools had been consolidated into three there would have been a saving of \$200,000. That is his testimony on page 2665.

Mr. C. J. Sullivan in his affidavit testifies that up to November 22, 1941, the total cost of all the motor pools had been exactly \$53,887.10.²

COST OF EQUIPMENT REPAIRS

Mr. MANIER. In the record at page 2665, Mr. Fulton asked the question to the effect that he was particularly interested in the practices that did not mean much more than a definite intention to deceive, and he referred to trailer No. 2314, that it had a number painted out to be trailer No. E-2333, and which, on September 17, had been equipped with three new tires. This was entirely an error of a sign painter, and in support of it I have here affidavits of two people³ to the effect that the trailer and the tractors were numbered the same, but for a particular purpose it had been necessary to move a trailer from its tractor and use it with another tractor, and this sign painter on his own initiative and knowing the lack of correspondence between those two numbers, had painted out the old number and put the corresponding number. Then I have the affidavit of his superior that when he noticed that he immediately had the thing undone, and it was just an accident of a painter.

Mr. FULTON. Does he say that he reported to the Quartermaster Corps that the number was the wrong number?

Mr. MANIER. I don't think so. I have the affidavits here. Let me see them just a minute.

Mr. KINGSLEY FERGUSON. In changing the numbers, an incident occurred which has a bearing on it. On Saturday afternoon I received word from Mr. John Taylor, about 3 months ago, that Mr. McCarthy planned to change numbers on some of the equipment. Realizing the serious import of that change, inasmuch as every accounting record from the beginning of the job was based on those numbers, I telephoned Major Hofto, then Captain Hofto, and asked him to insure any—to prevent any effort to change those numbers, and he assured me that he would. However, when we arrived on the job Monday morning we found that during Sunday afternoon the numbers on, I think it was about 22 pieces of equipment had been painted out by Mr. McCarthy and new numbers which were not on

¹ See Affidavit No. 58, appendix, p. 3518. See also Affidavit No. 58-A, appendix, p. 3534.

² See Affidavit No. 59, appendix, p. 3539. See also Affidavit No. 59-A, appendix, p. 3540.

³ See Affidavits Nos. 60 and 61, appendix, pp. 3541 and 3542. See also Affidavits Nos. 60-A and 75-A, appendix, pp. 3542 and 3557.

the record substituted. We immediately called Major Hofto and fortunately the old numbers were not so obliterated but that we could determine the original one through the paint and reassign the proper number.

Mr. FULTON. My question related to this truck, No. 2314. Was that switch which was inadvertently done by your sign painters reported to the Quartermaster Corps?

Mr. KINGSLEY FERGUSON. Yes, sir; I believe it was.

Mr. FULTON. Is that in the affidavit?

Mr. KINGSLEY FERGUSON. I don't know that it appears in the affidavit.

Mr. FULTON. Do you know personally that that is so?

Mr. KINGSLEY FERGUSON. I believe so; yes.

Mr. FULTON. At what time was it reported?

Mr. KINGSLEY FERGUSON. As soon as it was discovered by Mr. John Taylor, the superintendent.

Mr. FULTON. This 2314; and when was that discovered?

Mr. KINGSLEY FERGUSON. I don't recall, sir.

Mr. FULTON. Was it reported before the Memphis hearing?

Mr. KINGSLEY FERGUSON. I am not sure.

Mr. FULTON. Would you ascertain that fact specifically as to what date it was reported and give us a copy of the memorandum reporting it?

Mr. KINGSLEY FERGUSON. Yes, sir.

The CHAIRMAN. Proceed.

Mr. FULTON. I am informed that No. 2314 is a 20-ton trailer tractor and that 2333 is only a 7-ton cab, so that it looks quite unusual that you should have found occasion to switch a 20-ton piece of equipment to a 7-ton piece of equipment. Would you check on that, too?

Mr. KINGSLEY FERGUSON. Yes, sir.

Mr. MANIER. That may be included in this affidavit.

Mr. FULTON. And if that is so, does the affidavit explain why you found it possible to use one that was 3 times its size?

Mr. STIRTON OMAN. May I clear that for you?

The CHAIRMAN. Yes, indeed.

Mr. STIRTON OMAN. We have three heavy-equipment trailers here. One is a 16-wheel trailer and another one is an 8-wheel trailer, and another one 4-wheel, semitrailers, and these trailers hook right onto the back of the tractor truck; and, as you know, you have seen these highway express lines, you unhook a trailer and put another tractor under it, and any of these trucks will handle those other trailers.

Mr. FULTON. Isn't it unusual to have one three times the size?

Mr. STIRTON OMAN. That is when you are hauling heavy draglines that weigh 50 tons and above, they use that other one, but they can use the smaller tractor when they are hauling 10 to 20 tons, and that is just swapping a semitrailer.

Mr. FULTON. Let's see. If 2333 is a 7-ton cab, that ordinarily would not be capable of pulling a 20-ton trailer.

Mr. STIRTON OMAN. Yes, sir; that is the one that handles it.

Mr. FULTON. Wouldn't it be less efficient than a 20-ton cab?

Mr. STIRTON OMAN. We don't have a 20-ton cab.

Mr. FULTON. What did you have in the line of a cab?

Mr. STIRTON OMAN. From 2- to a 7-ton cab. That is the truck, and the trailer is the thing that carries the weight. The 7-ton is a Diesel General Motors truck, and they are semitrailers, and it just takes a minute to slip one out and put the other one under it.

The CHAIRMAN. You may be seated there, if you like.

Mr. MANIER. Mr. Lloyd Harris testifies very definitely in his affidavit about the change being made by the sign painter and about the desirability of moving the truck to the other, and the sign painter made the change without orders from anybody; and the minute he discovered it, he reported it to his superior and had it changed; and that the tire was purchased; that was really what brought it to attention, and they checked that through the mention of the tire.¹

The CHAIRMAN. That affidavit will be made an exhibit.

Mr. MANIER. Yes, sir; I am making them all exhibits that I am referring to here.

IDLE EQUIPMENT

Mr. MANIER. You will recall Mr. Harrison identified pictures of a great number of pieces of machinery in the record.

The CHAIRMAN. That is right.

Mr. MANIER. As being idle equipment. From the record and such reference as was made to them, which did sufficiently identify them, although I have never examined the pictures, we have an affidavit on each one of those pictures definitely and positively meeting the insinuation in the record as made by those pictures. I will take them one at a time.

First is caterpillar tractor D-7, No. 71. The affidavit of Mr. Wallace H. Faulk:²

Mr. Harrison testified that this tractor had been idle on the job for 3 months. This statement is absolutely not correct. The fact is that this tractor, as supported by the records, came on the job on March 17, 1941, and since that time has worked a total of 3,710 hours, an average of approximately 460 hours per month, or better than 14 hours per day, 30 days each month.

And he testifies that that is supported by accurate records.

Mr. FULTON. Are those the records of the actual operation, or are those the records on which payment was made?

Mr. MANIER. As I understand it, they are the records of the actual operation.

Mr. FULTON. And did they indicate who inspected it?

Mr. MANIER. This is the superintendent of transportation who is testifying.

Mr. FULTON. I am, of course, aware that as to each of those 35 articles there would be a record in the contractor's office to the effect that it was on the job in operation. What I was questioning is not that, because that is the basis for paying for them, but the question is, Is there any evidence here that it was in operation?

Mr. MANIER. There is no evidence here to the contrary except the evidence of Mr. Harrison, and here is evidence of the man in charge of it who testifies to the fact, not to the records.

¹ See Affidavit No. 60, appendix, p. 3541. See also Affidavit No. 60-A, appendix, p. 3542.

² See Affidavit No. 62, appendix, p. 3543. See also Affidavit No. 62-A, appendix, p. 3543.

Mr. FULTON. Will you take up particularly those pictures as to which you could see the grass growing through the treads of the tractors and show us the affidavits?

Mr. MANIER. When we get to that affidavit I will show you that. There were several of those.

Mr. KINGSLEY FERGUSON. Mr. Fulton, they were taken from the records for payment.

Mr. FULTON. From payment?

Mr. KINGSLEY FERGUSON. Yes, sir.

Mr. FULTON. We are interested in evidence not that they were paid for but that they were used.

Mr. KINGSLEY FERGUSON. The record that they were used coincides with the record for payment.

Mr. FULTON. What type of record is that? How is it made up?

Mr. KINGSLEY FERGUSON. An equipment operator receives each day a card which goes with his particular piece of equipment. He fills this out. It is attested to by his foreman supervising his work or his superintendent, and that is turned in to the superintendent of equipment. That, in turn, is incorporated into the record, the ledger, indicating idle time and operating time, from which ledger the rental roll for payment is made.

Mr. FULTON. Then the exact place where it would be noted by someone that it was actually in operation would be where? That would be that first step, that card?

Mr. KINGSLEY FERGUSON. There are really two reports which the general superintendent in charge of the utilities division keeps, one which comes from his foreman inasmuch as he can have access to that much quicker than he can the record which is used for accounting purposes, so he likewise gets a duplicate record from his foreman in order to allow him to check what equipment is idle and what is working immediately.

The CHAIRMAN. Do you have a time checker on that when it is on the job?

Mr. KINGSLEY FERGUSON. On the equipment?

Mr. FULTON. Yes.

Mr. KINGSLEY FERGUSON. We have equipment checkers; yes, sir.

Mr. FULTON. That is, they keep time on the equipment on the job?

Mr. KINGSLEY FERGUSON. That is right.

Mr. FULTON. Do they make a report to the foreman in charge of this equipment after the day's work is done, or how is that handled?

Mr. KINGSLEY FERGUSON. Well, that is what I was bringing out here. The operator's card is the basic accounting information. We don't have enough equipment checkers to really keep time on all of the pieces of equipment because to do so would require so many men that it would be impossible, but they spot-check this operator's record to insure that, for example, a piece of equipment isn't—to check the operator's record and the foreman's record. In addition to that procedure, which is then turned in to the accounting department, the foreman himself keeps a record of every piece of equipment in his possession, which he turns in to Mr. Faulk, the general superintendent in charge of the road and railroad division, which indicates really a duplicate record, indicating the equipment that he has in his possession.

Mr. FULTON. That is turned over to the bookkeeper and that is where—

Mr. KINGSLEY FERGUSON (interposing). No, sir. The report turned over to the general superintendent remains in his possession and is for his information only. It is not an accounting record. It is really a duplication whereby he keeps track of the foreman.

Mr. FULTON. I see. Where does the bookkeeper get his information? Where does the accounting record come from?

Mr. KINGSLEY FERGUSON. From the operator's card checked by the equipment checker and turned in to the accounting department.

Mr. FULTON. I see. That is not, then, approved by the superintendent before it goes to the bookkeeper?

Mr. KINGSLEY FERGUSON. It is approved by the superintendent of the equipment division.

The CHAIRMAN. Proceed.

Mr. MANIER. Now, the next one of those was a ditching machine. The testimony is that it had been received on the reservation at the time they took the photograph and had not worked any at all. It was brand new and had been ordered onto the reservation, and on the question of Brewster as to how long it had been there, I understand it had been there approximately 3 weeks.

The testimony of John Ralls is to this effect:¹

A request was made under date of July 1, 1941, with notation on same "To arrive at once." The purchase department immediately called for bids and three lessors submitted bids. The Midwest Construction Co. submitted low bids on two Cleveland trenching machines at a new cost of \$5,585 each, and a rental per month of \$650 each. The requisition was completed on August 4, 1941, and Midwest Construction Co. was instructed to ship the machines, after we had obtained the regular approval of Lieutenant Bruce and Lieutenant Nielsen, of the contracting quartermaster's office. The machines arrived on the project on August 22, 1941. It will be noted that August 24 was Sunday, and the records in the accounting department showed that these machines started work on August 27. These ditching machines, therefore, were not idle 3 weeks, as stated by Mr. Harrison.

Mr. FULTON. Then, Mr. Manier, of course the point is raised there that Mr. Harrison wasn't saying the contractor didn't claim the records showing operation; he was giving pictures of machines found by an inspection to be idle on the property.

Mr. FERGUSON. May I clear up that particular machine, too? That was a ditching machine brought in for the Midwest Construction Co., who are doing igloo construction in Milan Ordnance depot plant. It was brought in deliberately in advance of their arrival on the job because it was one completed machine which was immediately available to us. We have had several sad experiences by trying to delay rentals, that is to save rentals, in which the machine was allowed to remain at the manufacturers and some other plant stepped in with an A-1 priority or the Navy stepped in and took it right out from under our noses and left us waiting anywhere from 4 to 8 weeks before we could get a piece of equipment to put on that job.

Mr. FULTON. Then I understand that you brought it there before it could be used so that you would be sure to have it when you absolutely needed it.

Mr. FERGUSON. That is correct, sir.

¹ See Affidavit No. 63, appendix, p. 3544. See also Affidavit No. 63-A, appendix, p. 3545.

Mr. FULTON. That is only further evidence, is it not, that these affidavits to the effect that you have records showing that it was on the project only mean that you have records.

Mr. FERGUSON. No, sir.

Mr. FULTON. For you yourself are saying you brought it there ahead of time because you had to do it, and therefore controverting your own affidavit.

Mr. FERGUSON. No, sir. The affidavit given there indicates and includes the time it has worked since the date of the report which was put into the testimony.

Mr. FULTON. But you are saying you brought these things here several weeks early and that record says it started work immediately, as I understand it.

Mr. MANIER. It arrived on the project on August 22, 1941, and went to work on August 27.

Mr. FULTON. Yes; precisely the opposite of what you just said, that you ordered these things several weeks before you needed them in order to be sure you had them.

Mr. FERGUSON. No, sir.

Mr. FULTON. Proceed with it, then.

Mr. MANIER. It was 3 days before it went to work after it arrived because the 24th was Sunday.

Now, the next one is a Rome pull grader. Mr. Harrison testified that it had been idle 90 percent of the time, that it had a wheel off.¹

A Rome pull grader is a wet weather machine—

This is the testimony of Wallace H. Faulk¹—

and it is the general practice to keep one or more of such machines on any kind of a grading job, due to the fact that during wet weather the motor patrol used in dry weather and mounted on pneumatic tires will not perform the necessary work. This piece of equipment was rented at the extremely low figure of \$55 per month, which is cheap equipment to be held for an emergency in wet weather, and especially on a project of this kind where time is an essence. Nevertheless, as will be shown from the records, this piece of equipment has worked 2,064 hours as against 3,000 possible idle hours.

The next one was testimony about a "smith wagon" down about 90 days. Mr. Faulk makes an affidavit as to that:²

There were two "smith wagons" on the job and both of them will be covered in this affidavit. The two "smith wagons" came on the job on March 18, 1941. As the projects were only getting into operation, these two pieces of equipment had to wait for pull tractors before being operated, and therefore during the month of March one of them worked 28 hours and the other worked 56 hours. However, thereafter these "smith wagons" worked during April, May, June, and July a total as follows: One "smith wagon" 1,475 hours, and the other 1,369 hours, or an average of more than 400 hours per month each, or an average of 13 hours per day each. On July 12, 1941, by letter through the proper channels, these two "smith wagons" were recommended for termination, that is, release back to the lessor or transfer to another project. These two "smith wagons" were parked in a line with other machines recommended for termination at the rear of the heavy equipment garage, awaiting instructions from the zone constructing quartermaster.

It is my understanding that is where all the pictures were taken, but I am not personally sure of that.

¹ See Affidavit No. 64, appendix, p. 3545. See also Affidavit No. 64-A, appendix, p. 3546.

² See Affidavit No. 65, appendix, p. 3546. See also Affidavit No. 65-A, appendix, p. 3547.

Mr. FULTON. When you say that was your understanding, do you mean someone has told you that?

Mr. MANIER. That is my recollection.

Mr. FULTON. Who said that?

Mr. MANIER. I couldn't tell you. We have dozens of these affidavits, but I got that impression and I am not in position, of course, to testify to it as a fact, and don't want to be understood as doing so.

Mr. FULTON. If you don't have an affidavit on the matter I would prefer you not to refer to it, unless you know about it. That No. 528, I was particularly interested in what was said about it.

Mr. MANIER. I have them in the order they were testified about.

Mr. FULTON. I don't know in what order they were.

Mr. MANIER. They will be identified.

Mr. FULTON. When you get to that one, will you take it up specially?

The CHAIRMAN. Proceed, Mr. Manier, in the order in which you have them, and then when you come to that one, take it up specially.

Mr. MANIER. All right, sir.

The next is caterpillar tractor No. A-29 to which it is testified that it was idle on the job 90 percent of the time, and John H. Taylor testifies:¹

This piece of equipment came on the job June 13, 1941, and was assigned to the building department. The building department at that time was working the tractors only on an 8-hour per day shift. This tractor was used purely as a pull unit for pulling heavy material to and from the building sites. It is true that this piece of machinery was parked for some time, but it worked a total of 852 hours as against 2,076 hours idle, based on a 24-hour day. The tractor, therefore, averaged approximately 6 hours per day while working with a crew which operated only 8 hours per day, as is shown by the records.

Now, the next one is No. 1725, a mobile light plant, generating electricity. According to Mr. Harrison, it was received in used condition and had remained idle about 90 percent of the time. The affidavit of Mr. Kingsley Ferguson:²

This particular mobile light plant No. 1725 was very necessary in the operations at the Wolf Creek ordnance plant. It was used as a standby for an emergency in the event of a break-down or cut-off of power and light current. This unit was fully equipped and connected at the administration building, and particularly was it necessary as a standby plant for the International business machines which were used in the offices.

These International business machines worked 24 hours a day, which was necessary in order to compile and compute the pay-roll records and issue the checks to the up to 15,000 employees who were employed on this project. A break-down on the light and power current without a standby plant would have resulted in a serious delay of the pay rolls, and on a number of occasions would have prevented our issuing the pay roll without the time limit established in our contract with the Government. It would further have caused most of the employees on the pay roll of International business machines, numbering approximately 40 persons, to remain idle at the Government's expense, and further would have caused serious substantial claims from workmen as a result of time spent in waiting for their checks. These claims would have been made against and at the expense of the Government. Power interruptions were frequent, due to the inadequacy of sufficient power from the city of Milan during the early stages of the work and later due to the cut-off's necessitated during the construction of the permanent power supply. Although the plant was idle a greater part of the time, it was vital to the operation of the accounting systems as well as to the lights in the administration offices."

¹ See Affidavit No. 66, appendix, p. 3547. See also Affidavit No. 66-A, appendix, p. 3548.

² See Affidavit No. 67, appendix, p. 3548. See also Affidavit No. 67-A, appendix, p. 3549.

The CHAIRMAN. This power shortage was due to the drought in Tennessee, wasn't it?

Mr. MANIER. Yes, sir.

Now, the next one that I have is two tank cars rented from the Illinois Central Railroad Co. and valued at \$5,000. According to Mr. Harrison, the cars remained idle the entire time from the date of rental until they were released, with the exception of 48 hours. They worked 48 hours, in this affidavit of Mr. Ferguson:¹

These tank cars were requisitioned on June 9, 1941, upon instructions of Capt. G. H. Kibler, executive officer for the constructing quartermaster. These cars were to be used as storage reservoirs for fire prevention and were intended to be used in areas where water supply was not yet completely available. Ferguson-Oman recommended on August 16, 1941 that these tank cars be released. It was not until September 4, 1941 that we received a directive from the constructing quartermaster authorizing their release. In view of the above it would appear that Mr. Harrison was not familiar with the purpose of this equipment, otherwise he would not have been surprised that they only worked 48 hours during the time that they were on the project. He never at any time sought information from me, nor did Mr. McCarthy, about the purpose of the equipment, and if he had I would fully have explained it to him.

The purpose of those cars was to remain idle loaded with water and not to be worked.

The next one testified to by Mr. Harrison is as follows:²

Mr. Harrison is incorrect in giving unit No. 19, as this number covers a D-7 tractor. However, it is assumed that he referred to unit 1900, which is an emulsion sprayer, a small cheap piece of equipment having a value of \$395 and a rental rate of 10 percent or \$39.50 per month. This type of small equipment is used on the job as a standby piece of equipment, and its principal value is to use same occasionally for small patching jobs and for filling in small intersections, when it would be cheaper to use this small equipment than to tie up an expensive asphalt distributor worth approximately \$5,000, when this piece of equipment will accomplish the same purpose at much less expense, although not kept in constant use. This emulsion sprayer worked while it was on the job 226 hours. If during the 226 hours, a large asphalt distributor with skilled and high-priced crews had been used, the cost would have been many times the rental of the emulsion sprayer.

And Mr. Faulk makes that affidavit, saying:³

Mr. Harrison did not ask me about this piece of equipment or I would have explained its use.

The next one I have is tractor crawler wagons. Photographs were made at the barn in the Milan ordnance depot area. I think that is what Mr. Harrison testified to, and that they stood idle 65 percent of the time.⁴

Tractor crawler wagons No. 1110 and No. 1109—
that is Mr. Wallace H. Faulk's testimony⁴—

were received on the job March 13, 1941. On July 11 and July 12, by letter through the proper channels, I recommended these crawler wagons for termination on rental agreement, or transfer from this job, as they were no longer needed. At the time these wagons were in the barn in the Milan ordnance depot they were undergoing repairs upon instructions from the tool and equipment checker preparatory to release or transfer. After I recommended termination

¹ See Affidavit No. 68, appendix, p. 3550. See also Affidavit No. 68-A, appendix, p. 3550.

² See Affidavit No. 69, appendix, p. 3551. See also Affidavit No. 69-A, appendix, p. 3551.

³ Ibid.

⁴ See Affidavit No. 70, appendix, p. 3552. See also Affidavit No. 70-A, appendix, p. 3552.

of this equipment, the zone constructing quartermaster purchased this equipment to be used for maintenance purposes on projects within the zone. The equipment was stored on the job until November 1, 1941, when they were shipped to the Huntsville Arsenal plant, Huntsville, Ala., pursuant to instructions of the zone constructing quartermaster. While these wagons were on the job from March 13, 1941, to July 11 and 12, 1941, when they were recommended for termination, they worked as follows: Crawler wagon No. 1109 worked 1,350 hours. Crawler wagon No. 1110 worked 1,762 hours. It will readily be seen that these pieces of equipment rendered much service on the project at a time when they were needed for long hauls over low and wet areas. Therefore the testimony of Mr. Harrison that this equipment had been idle 65 percent of the time is not correct.

That is an affidavit of Mr. Faulk.

The CHAIRMAN. He didn't say what percentage of the time they had been idle, did he?

Mr. MANIER. Well, it was idle after it was ordered transferred, you see. It was sent in for repairs, as I understand from his affidavit.

Mr. FULTON. But you say that is the quartermaster's fault rather than the contractor's?

Mr. MANIER. I don't think it was anybody's fault.

Mr. FULTON. These wagons were idle, you say, from July 12. Is that the date? They were idle to November, when they were transferred to another project?

Mr. KINGSLEY FERGUSON. I can explain that. The routine was to advise the C. Q. M. that we had a piece of equipment available for release. He then undertakes through the zone to find out if there are other projects in the zone requiring that equipment. Sometimes they will need that equipment in about a month; and when no other project in the zone requires it immediately, therefore, of course, it is allowed, and put in proper repair so that it will be received at the next job ready to go to work.

Mr. FULTON. In this case that was from July to November, was it not?

Mr. KINGSLEY FERGUSON. I am not familiar with the circumstances.

Mr. FULTON. You heard the affidavit.

Mr. KINGSLEY FERGUSON. Yes, sir.

Mr. FULTON. Those were the dates. That delay, you say, was due to the quartermaster not getting it to another project rather than to the contractor not suggesting that it be released.

Mr. KINGSLEY FERGUSON. Either that or it was not needed at another project until November.

Mr. FULTON. In any event, it remained from July to November completely idle.

Mr. KINGSLEY FERGUSON. Yes, sir.

Mr. STIRTON OMAN. May I make one statement here that may clear up a lot of this? In these rental agreements, to be sure that no equipment rental could claim any extra time, we put in these contracts to be used 24 hours a day.

Mr. FULTON. That is the War Department procedure, is it not?

Mr. OMAN. No, sir; it isn't.

Captain RICHARDSON.¹ The rental agreement from the War Department calls for 240 hours' operation each month prior to overtime payment.

¹ Capt. R. L. Richardson, Chief of Equipment Unit, Procurement and Expediting, Office of the Quartermaster General, War Department.

Mr. FULTON. That is the regular practice, is it not, Captain Richardson? May the record show that Captain Richardson is the head of the Equipment Section of the Quartermaster Corps?

Why do you say he was wrong on that?

Mr. OMAN. We were getting a better trade than we think they were getting at that time.

Mr. FULTON. When you say that was not the regular practice in the Army, on what do you base that statement?

Mr. OMAN. I base that on the fact that 240 hours' work a month is considered a month's work by Captain Richardson's division. When a piece of equipment has worked 344 hours a month, it shows that it has been idle 52 percent of the time. Now, the only reason that we put in these contracts 24 hours was so that we would be sure that no man could come back and claim that we owed him any more than the price stated per month that the contract showed, and the auditors based that as so much—that every piece of equipment is supposed to work 24 hours a day, which is not true, and that is the reason for these high percentages of idle time. They base it on 720 hours a month, when we can work it 720 hours a month without paying the man any more rent for it.

Mr. FULTON. I understand that. Of course, the point we were interested in was the 98 percent and the 100 percent idle rather than the 40 or 50 percent.

Mr. OMAN. Well, most of those items were very small items that didn't amount to much money.

Mr. FULTON. They were fairly sizable items.

Mr. OMAN. There were a few, but on a project where you have 2,300 pieces of equipment the percentage is very low on them.

Mr. FULTON. But there were 25 or 30 of those articles for 1 month, were there not?

Mr. OMAN. That is right.

Mr. FULTON. And a number of those were heavy pieces.

Mr. OMAN. Yes, sir.

Mr. Fulton, they were being held for repair parts to come in, and then we had this Milan ordnance depot that was just starting, and it was cheaper for the Government to hold them a few days or a month rather than to pay the freight back to the owner and lose the equity in it which the Government had.

Mr. FULTON. Why wasn't that explained in the explanation that Major Hofto got with so much difficulty.

Mr. OMAN. That was explained to him.

Mr. FULTON. I didn't see it in that explanation.

Mr. OMAN. Well, I don't know whether it was in the letter or not, but Major Hofto found that out, and that is the reason he was satisfied with it when he checked into the matter. He was not familiar with it himself at the beginning.

Mr. FULTON. As to specific pieces, there was no such explanation in that letter. In most instances you heard yesterday that the only thing said in that letter was that it has been put to work or will be put to work.

Mr. OMAN. I think that Captain Hofto got a satisfactory answer whether it was in writing or not. I am sure that he did or he would have canceled them out just like that.

Mr. FULTON. I think you heard his testimony that he wasn't concerned with the past, he was concerned with getting them to work, so that that is why I wondered if you had ever given him any specific data on what had been done with those during June and July.

Mr. OMAN. I am sure that he has gotten the same information that I am giving you.

Mr. FULTON. Would you produce that in writing, that you gave to him, because we were unable to find anything other than this in this file?

Mr. OMAN. Mr. Fulton, I didn't give it to him in writing. I haven't written any letters.

Mr. MANIER. Did you give it to him, in fact, orally?

Mr. OMAN. Yes, sir.

Mr. FULTON. With respect to each of those pieces of equipment?

Mr. OMAN. The majority of them. For instance, there are about 40 water pumps on there that were shipped in from other Government projects, and the only time that those water pumps could be used was when it was raining. Now, there were a lot of vibrators, which are very small pieces of equipment that showed idle. A lot of those came from other projects.

Mr. FULTON. Do you have the notes that you used when you made those explanations to him as to each of these 40 or 50 pieces other than those pumps?

Mr. OMAN. No, sir; but I think that Major Hofto will bear me out that he was——

Mr. FULTON (interposing). No; what I was trying to do was to find out whether you say that, without notes or anything in writing, you were able to carry in your head the details as to 40 or 50 separate pieces of equipment or whether you had notes or memoranda. If you had memoranda we would like to have them.

Mr. OMAN. I think we can produce the memoranda from the people that actually made the study.

Mr. FULTON. And that you used when you talked with Major Hofto. Did you have any memorandum that you were referring to?

Mr. OMAN. I was only present when we discussed these items a number of times with Major Hofto.

Mr. FULTON. And did you have these memoranda with you at that time?

Mr. OMAN. No, sir; I did not; but the other parties did.

Mr. FULTON. And did they take up individual pieces, piece by piece, item by item?

Mr. OMAN. Of the larger equipment; yes, sir.

Mr. FULTON. And explained what had been done with it in June and July?

Mr. OMAN. Yes, sir.

Mr. FULTON. About when was that conference?

Mr. OMAN. It was right between the time that letter was written answering Major Hofto and the time that he wrote the letter to Mr. Atkin. I don't know the dates, but we can get that.

Mr. FULTON. Yes; if you will.

Mr. OMAN. I will be glad to.

The CHAIRMAN. Proceed, Mr. Manier.

Mr. MANIER. The next one that I have is an angle dozer, No. 129, which Mr. Harrison, I think, testified had been idle much of the time. According to the affidavit of Mr. John H. Taylor:¹

This piece of equipment is a blade which is an attachment to a power unit and tractor. This blade (angle dozer, No. 129) was rented with power unit. The power unit was removed and was given more or less constant use on the project. It is true that the angle dozer, No. 129, was used very little on the project.

As I understand, it is just an attachment: Mr. Oman could give a little more information about it, if you wish.

Mr. FULTON. It is probably this one, isn't it?

Mr. OMAN. No; that is a Rome grader. It is just a blade on the front of a tractor. The name is a bulldozer.

The CHAIRMAN. I know what it is.

Mr. MANIER. The next one is No. 533. Lorraine dragline. Mr. Harrison testified it was idle about 90 percent of the time. Mr. John McInerney, who is superintendent of construction, in his affidavit says:²

This equipment was leased from a Mr. R. E. DuBose, of Montgomery, Ala. When it arrived on the job Mr. DuBose was required to have same repaired at his own expense, which was done. The equipment arrived on the job on or about July 14, 1941, and was inspected. Mr. DuBose was required to have repairs made, and this equipment, after repairs were made, was inspected and accepted by the Government inspector on July 31, 1941. It is true that this equipment did not receive as heavy usage as some other equipment on this job; but it is not true that it was idle 80 percent of the time. This equipment from August 1, 1941, to October 31, 1941, actually worked on 51 days and was idle only 39 days.

Now, I do not find a statement on this, but Mr. Kingsley Ferguson here is more or less familiar with it, and may I ask if this is one of the photographs that was introduced by Mr. Harrison?

Mr. FULTON. Yes; I particularly referred to that because the photograph shows the tractor lugs or caterpillar tread completely off the machine during the time that the records of the Ferguson-Oman Co. of the type you were referring to in this affidavit showed that it was in operation. Can you give us the facts on that?

Mr. KINGSLEY FERGUSON. There were two of these pieces of equipment, Mr. Fulton, which became quite an issue on the job because they ultimately—the circumstances generated back into policy.

Mr. MANIER. State what you are talking about.

Mr. FERGUSON. This piece of equipment is 528 dragline, which at this particular period was down for repairs.

Mr. FULTON. And had the tractor tread off.

Mr. FERGUSON. That is correct.

Mr. FULTON. Lying on the ground where it couldn't be used.

Mr. FERGUSON. That is right, while parts to replace it were on order. Also, this machine, with another machine, No. 514, had operators assigned to it at the particular period that it was down.

Mr. FULTON. And your records would show that those operators were operating that machine?

Mr. FERGUSON. No; they would not show that the operators were operating the machine.

Mr. FULTON. What do they show—that they were operators who were charged with time for operating the machine?

¹ See Affidavit No. 71, appendix, p. 3553. See also Affidavit No. 71-A, appendix, p. 3553.
See Affidavit No. 72, appendix, p. 3554. See also Affidavit No. 72-A, appendix, p. 3554.

Mr. FERGUSON. That is correct; they were charged for time against this machine.

Mr. FULTON. Which couldn't possibly be operated?

Mr. FERGUSON. That is correct; but it was reported to the constructing quartermaster who immediately called it to our attention. We were, of course, new to the circumstances. It is necessary for operators to be on these big machines during the repairs because at certain times when parts are coming out of the thing the motor has to be run and the gears adjusted so that the mechanic can remove a part. Likewise, during that particular period is the best time for the operator to do his servicing, for the operator and the oiler to do their servicing of the machine to bring it up to snuff, while it is down.

Mr. FULTON. Captain Richardson, I believe you told me the other day that you didn't believe an oiler, for example, could possibly spend over an hour a day.

Captain RICHARDSON. Not in normal operating times, because an oiler's function on a machine is to keep it properly oiled and lubricated. This is not a positive statement because I haven't looked up the union rules, but I think the union rule is that an oiler cannot work on a machine, but an operator can. An oiler can act as a helper but not as a mechanic.

Mr. FULTON. And he isn't a mechanic.

Captain RICHARDSON. He isn't a mechanic. He is an apprentice operator; that is the way he is classified. He can act in the capacity of a helper to the operator, but he cannot work on the machine as a machinist or mechanic.

Mr. FERGUSON. There was further a broader problem in connection with the matter which was a little more difficult to settle. Operators of this kind of equipment, which was valued at anywhere from \$10,000 to \$35,000, are extremely hard to find these days. I have in my file, back in Milan, a letter from the vice president of the union, the operating engineers, who stated that at the time of our job he had 1,500 jobs available for operators of this kind of equipment and wanted to know if we could release any of them from this job. Now, we had, I think, several hundred operators, and if you take these men during these busy times and lay them off day after day and shut them off the pay roll, they leave your project and go to others where that practice does not prevail. Consequently, it is our practice in private work and it has likewise been our practice in Government work, to keep these operators on the machines during this particular period of time when they are down for repairs.

Mr. FULTON. And that is because of scarcity of operators?

Mr. FERGUSON. Yes, sir; during the depression you could get away with it, but you can't any more.

Mr. FULTON. Do you know what the union rules are as to initiation fee for operators?

Mr. FERGUSON. Yes, sir.

Mr. FULTON. What are they in principle?

Mr. FERGUSON. I think an operator at our job pays \$25.10 initiation fee. Formerly, at the outset of the project, it was \$55, and then in our discussions with the business agent of the union we argued with them that they should be lower because a good many open-shop men were coming into the craft at that time, into the unions.

Mr. FULTON. Were they taking their oilers or helpers and developing them into operators generally? We were interested in that scarcity of operators.

Mr. FERGUSON. Yes, sir; naturally that is necessary because you couldn't possibly operate all of the construction equipment being used in the country today without doing that. You have to replace the ranks—they have increased the ranks of the operating engineers to handle all the equipment being used today. That, of course, has been done.

The CHAIRMAN. Did you find any policy on the part of the union to prevent the training and creation of new operators?

Mr. FERGUSON. No, sir; we did not. In fact, we found quite the contrary. We had their complete cooperation in the matter.

The CHAIRMAN. Proceed, Mr. Manier.

Mr. MANIER. Mr. Harrison testified that he was escorted off the grounds by guards, with the insinuation that he was mistreated. I have here two affidavits, that of William Neill and of T. W. Marshall. Mr. Marshall testifies that there was a regulation by Procter & Gamble that any employee, no matter whether a laborer or administrative officer, had to be escorted to the gate when he was discharged. Actually, according to these affidavits—I will read them, if you like.

The CHAIRMAN. Proceed.

Mr. MANIER. This is the affidavit of Mr. William Neill:¹

At that time it was a rule of the Quartermaster Corps in charge of the Wolf Creek ordnance plant that any employee, no matter whether a laborer or a man holding an official position, who was discharged, had to report to a guard and it was the guard's duty to escort him off the plant after he received his final pay. I well remember the afternoon Mr. Philip W. Harrison was discharged by Ferguson-Oman. A guard did come to the office in which he worked to get him and take him to the gate. After the guard arrived Mr. Harrison went to Mr. Faulk's office and to Mr. Kingsley Ferguson's office after having told the guard to wait for him, as he had some people to see. The guard waited for him for better than an hour and possibly 2 hours. During the time the guard was waiting for Mr. Harrison he had four other employees of the project who had been discharged in the station wagon with him. He told me he was tired of waiting and he had to go on and take these four people to the gate. About that time Mr. Harrison came back to my office and got in a Chrysler automobile driven by Helen Clark, who had been his personal secretary at the plant, and he left the plant in this Chrysler, and there was no guard in the Chrysler with him and Helen Clark.

And similar is the affidavit of Mr. T. W. Marshall.²

The CHAIRMAN. They will be made exhibits.

Mr. MANIER. I am making all these exhibits.

Mr. FULTON. Have you finished with the pictures?

Mr. MANIER. Well, the pictures that were testified to by Mr. Harrison.

Mr. FULTON. Did you take up those pictures in which the grass was showing through the tractor tugs?³ I have been interested in that.

Mr. FERGUSON. Mr. Fulton, we have just had to deduce what those pictures were.

Mr. MANIER. We have never had the pictures.

Mr. FERGUSON. They have never been shown to us.

Mr. FULTON. I think probably the thing to do would be to look at those this afternoon, and the committee would like to have the names

¹ See Affidavit No. 73, appendix, p. 3554.

See also Affidavit No. 73-A, appendix, p. 3555.

² See Affidavit No. 74, appendix, p. 3556.

In this connection see also Affidavit No. 73-A,

appendix, p. 3555.

³ Supra pp. 3003-3012.

of the operators of these particular vehicles as to which you have put in affidavits. Your affidavits are by your higher staff rather than by the operators themselves. We would like the names and addresses of the operators.

Mr. MANIER. We will be glad to furnish you with that.

The CHAIRMAN. You will be allowed to see them. They are public property.

Mr. MANIER. We haven't seen the pictures.

The CHAIRMAN. If you had asked the committee we would have been glad to let you see them.

Mr. FULTON. The Quartermaster Corps had copies in Milan.

Mr. FERGUSON. They had copies, true, but we have lots of pictures of equipment up there and they didn't know which pieces they were.

Mr. FULTON. I see.

The CHAIRMAN. Proceed, Mr. Manier.

Mr. MANIER. You want this back, Mr. Fulton.

Mr. FULTON. Yes; of course; but the whole file is available.

Mr. MANIER. We will be glad to see it. If we had had that we could have made these affidavits more definite than they are, even.

COST TO GOVERNMENT FOR TRANSPORTATION OF PROJECT EMPLOYEES

Mr. MANIER. We have an affidavit here by Mr. C. J. Sullivan with reference to Mr. Harrison:¹

I knew Philip W. Harrison. He was employed by the Ferguson-Oman Co. in John Taylor's department, who was superintendent of transportation for Ferguson-Oman Co. Harrison insisted on putting in a convoy system which was later changed over Harrison's opposition, which change has worked much better, and it saved Ferguson-Oman Co. a lot of time and money, since Ferguson-Oman made this change. Another of Mr. Harrison's duties at first was to arrange for bus transportation from various outlying towns to the plant. He insisted in making arrangements with these various bus lines that all of them deliver their passengers to Milan, Tenn., where they were picked up by one bus company only, namely Jackson Transportation Co., and then brought to the plant, whereas it would have been much better and quicker to have had each of the bus lines from the various towns deliver their passengers at White-thorn, which is in the administration area of the plant. Harrison just would not agree to this. Harrison had trouble in making arrangements for bus transportation for Ferguson-Oman's employees who lived at Lexington, Tenn., to Milan, and he persuaded the L. V. McMurray Bus Line of Lexington, which was out of business but it formerly operated a bus line, and which had no equipment and did not have the State of Tennessee certificate of convenience from the Railroad and Public Utilities Commission of the State of Tennessee for operating the bus line, to obtain equipment and start operating again.

When the McMurray busses first started operating March 10, 1941, Harrison tried to sell his station wagon to it. Mr. McMurray has told me that he wouldn't buy it. Harrison then took his station wagon to McCauley-Jennings Motor Co., of Jackson, Tenn., Studebaker dealers, and tried to trade it in on a 1941 Studebaker. They refused to make the trade. He then kept working on McMurray and finally on or about March 20, 1941, a trade was made whereby the McCauley-Jennings Motor Co. did take Harrison's station wagon in trade on a new Studebaker, and this station wagon was immediately sold by McCauley-Jennings Motor Co. to L. V. McMurray Bus Line, and it was operated by them between Lexington and Milan, with Mr. Harrison's name still on it, for about a week, when Harrison himself took his name off of it. I have checked through Mr. Henry J. Driggins, Florida commissioner of motor vehicles, on the license number which Harrison had on the station wagon from the time he came to the plant to the time he sold

¹ See Affidavit No. 76, appendix, p. 3558. See also Affidavit No. 76-A, appendix, p. 3559.

or traded the station wagon to McCauley-Jennings Motor Co. This was a Florida license tag, 11-GK-198. Mr. Driggins advised me that this license number was issued to H. M. Henson, 432 West University Street, Gainesville, Fla., to be used on a 1936 Chevrolet stake body, motor T-6396812. This same license number stayed on the station wagon to on or about March 20, the date that Harrison traded it on the Studebaker. I checked with Mr. Driggins, the commissioner of Florida Department of Motor Vehicles, and he advised me that no license plates had been issued on Harrison's station wagon since 1940; during which year the license was issued to Mr. Walter R. Lee, 357 West Newport Street, Gainesville, Fla. This necessarily means that during the time that Harrison had this station wagon in his possession after 1940, he knew that he had not properly registered or licensed the station wagon, and it had the Florida license tag on it, which did not belong on it.

The pertinency of that was that he was advocating a convoy system as against his superiors.

EQUIPMENT GARAGE—REPAIR CHARGES AND OPERATING COSTS

Mr. MANIER. The next is L. E. Pirtle.

On page 2629 of the record Mr. Fulton asked this:¹

Mr. Pirtle, at the request of the committee investigator, you and he picked a day out of a hat and checked on that particular day to see what the cost of doing work in that garage was, and later on, with the idea of getting a particular day without selecting either the worst or the best.

Now, it appears from the affidavits, and we have them here, that that day which was picked out of a hat at random was a Saturday, when all of the time was on at double time; that that did not continue through the operation of double time all the time, only part of it, and so the chances, if you picked them at random out of a hat, of getting a day that would have been typical, were mathematically very greatly against it.

Not only is that true, but then the witness proceeded to testify at length about the time that it took to make each repair, which was, of course, exactly twice the actual time because the method of keeping overtime—I have never understood why it should be so, personally: if a man is entitled to double time, the timekeepers, if a man draws a dollar an hour, instead of putting down the hours he actually worked at \$2, they put him down working 2 hours at \$1, and that seems in my experience almost an invariable practice among contractors.

That was the practice on this case, and where it showed it took a particular time to make a particular repair, it was just twice the time taken and put down as twice the time in order to make the amount of pay that he was to get.

The CHAIRMAN. Payment for overtime?

Mr. FULTON. Did you take the next day, on which there was a full day, and look at it?

Mr. MANIER. I didn't question it.

Mr. FULTON. When we were out in Memphis, Tenn., after that hearing, someone said he looked at that and found it was a Saturday, and we wondered whether it might not be that you might have some reason to say that Saturday was different, so that the date of June 21 was one that the committee asked to have checked, too, which I think was a Monday, was it not, Mr. Manier?

¹ Supra, p. 3001.

Mr. MANIER. I suppose so, if Saturday was June 19, Monday would have been June 21—Monday would have been June 23. This was June 21.

Mr. FULTON. Taking up those items, particularly the fire extinguisher—

Mr. MANIER (interposing). I have complete affidavits on each one.

Mr. FULTON. The fire extinguisher called for four bolts being attached, and it was 6 hours, and you find that same hour charge on Monday, 6 hours to install a fire extinguisher.

The same amount of time appears on a number of others—repair of a carburetor, \$16.20; and repairing a starter, 9½ hours—so I think you will find these items are pretty much the same whether you take a Monday or a Saturday.

Mr. KINGSLEY FERGUSON. Mr. Fulton—

Mr. FULTON (interposing). Would you care to say as to why it takes 6 hours on a Monday as well as a Saturday?

Mr. KINGSLEY FERGUSON. Might I ask a question, as to whether or not you examined the machanics' cards?

Mr. FULTON. I didn't examine anything.

Mr. KINGSLEY FERGUSON. That is very pertinent in the point.

Mr. FULTON. Did you examine the card itself?

Mr. KINGSLEY FERGUSON. Yes, sir. Each day we submit to Mr. McCarthy a summary list of all the repair jobs done to both heavy and light equipment; in order to condense that report, the principal item of work only is given, but the total amount of the labor. In checking back those items which were read into the Memphis testimony, we found that there were other items of work done in addition to those listed in the testimony.

Mr. FULTON. Have you got those down in any concrete style?

Mr. MANIER. I think they are attached to an exhibit somewhere.

Mr. FULTON. Will you put it in the exhibit, so we can see what it is? Did you pick Monday or Friday and see whether the hours would have been different before you raised this question of Saturday? In other words, when you thought that Saturday was unfair, did you take Monday or Friday?

Mr. KINGSLEY FERGUSON. No. Don't misunderstand me. We did not check any other day than Saturday. The check that we are trying to keep on the repair cost of the job is an over-all check, because there are going to be certain times when difficulties occur that a repair job is going to cost more than it should, but the true criterion should be the average repair cost.

Mr. FULTON. And you think that those have been—

Mr. KINGSLEY FERGUSON. Yes, sir; I believe we can demonstrate to you that the average cost of operating these cars has been very reasonable.

Mr. MANIER. We are going to do it in these affidavits.

We have in support of that the affidavit of Mr. John H. Taylor, the same one which was in connection with the testimony that just preceded.¹ I will be glad to read that.

¹ See Affidavit No. 34, appendix, p. 3453. See also Affidavit No. 34-A, appendix, p. 3453.

Mr. FULTON. I will read the affidavits in their entirety. It is entirely up to you, so you should read such parts as you desire.

The CHAIRMAN. If you have anything that you think would be of interest to the committee that you want to read into the record, you have perfect liberty to do it.

Mr. MANIER. I am doing it, but I want to save the time of the committee.

The CHAIRMAN. The affidavits will all be read and studied by the committee.

Mr. MANIER. Attached to this affidavit of Mr. Taylor is a sample of the report to which I—I just want to be sure that I am stating it correctly. He states what it is.

Mr. KINGSLEY FERGUSON. It is all covered in that affidavit.

Mr. MANIER. I submit the affidavit, then.

Mr. KINGSLEY FERGUSON. All of the forms and reports are attached to that affidavit.

Mr. MANIER. Here they are, the very forms that show the actual detail of the thing are attached to that affidavit.

Mr. KINGSLEY FERGUSON. If you have any item in question there, Mr. Fulton, I believe the mechanic's card, a photostat of it, is right here.

Mr. FULTON. Take that 6 hours for installing a fire extinguisher having four bolts, and tell us the way that was, even if that only means 3 hours.

Mr. MANIER. And of course all of this information would have been available if the committee investigator had approached our people, but he never approached anybody in connection with our plant in this investigation.

The CHAIRMAN. The committee's source of information is supposed to be the employees of the United States Government, whose business it is to keep these records. That is the reason we did not approach them.

Mr. MANIER. They went to the master record, but did not go to the original cards which I filed here, which give a lot more detail about it.

Mr. FULTON. I assure you we will go through those cards in some detail.

Mr. MANIER. Then I have the affidavit of Mr. John H. Taylor, calling attention to the fact that except this was on a Saturday, that total charge of \$1,300 would have been \$650, and of course going into the question of hours in the same way.¹

Mr. FULTON. Does he give the average for the other days?

Mr. MANIER. No; this is an ex parte affidavit. He will be glad to give you the average for the other days. Except as you find another Saturday, this charge is greatly in excess.

The CHAIRMAN. What we want are the facts. We want the actual facts and we want the average, and if you want to place those averages in the record you are at perfect liberty to do it.

Mr. STIRTON OMAN. We would like to submit the actual cost per mile on each type of equipment. We have that in actual cost, including the overhead, and the per-mile cost on station wagons, cars, pickups, 1½-ton trucks, and up.

¹ Affidavit No. 34, appendix, p. 3453. See also Affidavit No. 34-A, appendix, p. 3453.

The CHAIRMAN. That will be made part of the record, if you want to make it part of the record.

Colonel RICHARDSON. Does that include repairs?

Mr. STIRTON OMAN. This includes repairs, tires, gas, oil, rags, spark plugs, everything.

Mr. FULTON. Those are mostly new cars, are they not?

Mr. STIRTON OMAN. Yes, sir; and the cost per mile on station wagons has been 0.0194.

Mr. FULTON. A little less than 2 cents a mile for repairs?

Mr. STIRTON OMAN. Yes, sir. On cars it has been 0.0192; on pick-up trucks it has been 0.020178; ton-and-a-half trucks and up it has been 0.05286, and onto that we have to add an overhead expense of \$54,984 33, which averages for every vehicle 0.0363 cent a mile.

Mr. FULTON. Could you tell us, for example, how far those new station wagons had been driven on the average that had this cost of 1.94 cents a mile for repairs?

Mr. KINGSLEY FERGUSON. That wasn't the cost of repairs. It included gasoline, oil, tires, and all the operating costs except overhead.

Mr. FULTON. Gasoline and oil?

Mr. STIRTON OMAN. Those prices I gave you did not include overhead, but included gas, oil, repairs, and tires. The price below is an average price for all types, including overhead.

Mr. FULTON. What was the average mileage those cars were driven?

Mr. STIRTON OMAN. There were 73 station wagons that have been driven 1,060,253 miles.

Mr. FULTON. On this project?

Mr. STIRTON OMAN. Yes, sir. Some of these had come in from other Government projects and the mileage was taken when they came in, and this was up to October 1. On cars, there were 62, including the ones that have been transferred in and the ones that we have rented which, in each instance, these units include the contractor, the architect-engineer, the quartermaster, the Ordnance Department, and Procter & Gamble. There were 62 automobiles and they have been driven 729,114 miles. There were 312 pick-up trucks. They have been driven 2,686,624 miles. There are 630 trucks of all sizes. They have been driven 3,894,364 miles. That is the total on the job and the miles.

Mr. FULTON. Where did those records come from?

Mr. KINGSLEY FERGUSON. The same records that Mr. McCarthy gets his information from.

Mr. FULTON. And does he get those records currently?

Mr. KINGSLEY FERGUSON. Yes, sir; he gets copies of all our reports.

Mr. FULTON. And these would be in the tool and equipment section?

Mr. KINGSLEY FERGUSON. Yes, sir; and he has access to all of them.

Mr. MANIER. Now we have the affidavit of Wayman H. Maxwell here, superintendent of the light equipment garage, in reference to the testimony about the record that came out of the hat, and there is quite a good deal in here showing how unreasonable Mr. Pirtle had been. I don't want to read all that into the record—and his overbearing attitude in the matter, and there is attached a letter which Mr. Maxwell wrote under date of September 5, 1941, to Mr. A. K. Ferguson, com-

plaining of that. He says, "Now my organization is no longer under my supervision, it seems, due to the fact that one Mr. L. E. Pirtle, Government inspector, directs employees how, where, and why this work should be done, cursing my men and causing malice among them all."

I don't want to read it into the record, but we have affidavit after affidavit here that I am going to file referring to the overbearing attitude of Mr. Pirtle and his constant use of profanity.

The CHAIRMAN. They will be made exhibits for the committee, and will be studied by the committee.

Mr. MANIER. This is the testimony in detail of Mr. Maxwell as to these various items:¹

I understand that at the hearing on November 18, 1941, in Memphis, Mr. Pirtle testified that on June 21, 1941, the total labor charge to the garage was \$1,300. This is correct, but the parties included on the pay roll on the date for the \$1,300 included all mechanics, all helpers, Negro wash boys, and all grease men working in the garage. This was on Saturday, and at that time under union rules we had to pay double time, and if any other day in the week except Sunday, on which we always had to pay double time, had been selected, the cost of operating the garage on that day would have been one-half of this amount.

Mr. FULTON. Does that mean that he checked and found that Friday was \$650?

Mr. MANIER. No; but——

Mr. FULTON. Will you furnish us tomorrow, if you can, with the cost for Friday?

Mr. MANIER. I don't know whether we can furnish it to you tomorrow, but we will furnish it as soon as we can.

Mr. KINGSLEY FERGUSON. It will be just half.

Mr. FULTON. It should be the same, if you pay double time for half a day Saturday.

Mr. MANIER. We work a full day.²

I further understand that he testified as to charges for certain particular items of work on that day, included among which was the installation of a fire extinguisher, for which a charge of \$3 was made, and which took 30 minutes' time. The facts in regard to the installation of the fire extinguisher are that the bracket which came on the fire extinguisher, which was to be installed in the station wagon, No. 2010, did not fit in the station wagon, and a special bracket had to be made at the garage to hold the fire extinguisher in place. A new bracket was made at the garage and a fire extinguisher installed, and it took two men three-quarters of an hour to make the bracket and install that fire extinguisher. The cost price was \$3.

Mr. FULTON. Now, that is interesting, because on this next Monday, here, there is a charge of 6 hours for installing a fire extinguisher, which appears to have taken twice the time even that you have.

Mr. MANIER. You will find the same, or a similar, explanation for each one of them, if you want to go into every fire extinguisher; and, incidentally, had the committee investigator not gone to the result of it, but gone back to the individual records, this would appear.

Mr. FULTON. What would have appeared would be that it takes two men three-quarters of an hour, an hour and a half, and you have here on Monday, on an extinguisher No. 2012, 6 hours to install a fire extinguisher.

¹ See Affidavit No. 35, appendix, p. 3456. See also Affidavit No. 35-A, appendix, p. 3462.

² Ibid.

Mr. MANIER. I don't know that. If you are testifying, it is probably true.

Mr. FULTON. You read an affidavit that it takes two men three-quarters of an hour.

Mr. MANIER. I don't know that it appears on there that it is that way; except for your testimony, it appears that is true. If you know it——

Mr. KINGSLEY FERGUSON. I think I can clear this matter of fire extinguishers up. There are thousands of fire extinguishers up on that job. Each of them has to be mounted in every piece of equipment. They are scattered all over the place for various matters of fire protection important to a munitions plant of that type, and we have made many brackets for mounting these fire extinguishers.

Mr. FULTON. And it takes 5 or 6 hours to put on a fire extinguisher?

Mr. KINGSLEY FERGUSON. Depending on what kind of bracket has to be made, so it can be mounted and pulled off quickly for use.

Mr. FULTON. Isn't it a little better to order the right kind of fire extinguisher bracket in the first place than to expend 6 hours trying to fit it?

Mr. KINGSLEY FERGUSON. The labor to design fire-extinguisher brackets so that they could be ordered is so excessive it would be a waste of Government money.

Mr. FULTON. Do you mean there are no commercial fire extinguishers for station wagons?

Mr. KINGSLEY FERGUSON. I don't mean to say that.

Mr. FULTON. Why couldn't you use one of standard design?

Mr. KINGSLEY FERGUSON. It might not have been the low bid.

Mr. FULTON. Or it might not have been that the specifications permitted it.

Mr. KINGSLEY FERGUSON. It might have been. We did not buy the fire extinguishers. They were purchased for us through the Ordnance Department.

Mr. FULTON. Would you check as to the specifications, because I would be interested in the specification that requires 6 hours' labor to install a fire extinguisher.

Mr. MANIER (reading from Mr. Maxwell's affidavit):¹

Another item was putting a fire extinguisher on station wagon No. 2012 at a total cost of \$6. I have checked the shop card on No. 2012 for June 21, 1941, and from the shop card and my personal remembrance we were instructed to put two fire extinguishers in this particular piece of equipment on that day. We had to put fire extinguishers in several pieces of equipment on that date. As I have stated in explaining the charge for installing the fire extinguisher on 2010, we had to make in our own shop the brackets to hold these fire extinguishers. We also had to send to the heavy-equipment garage to get the material to make these brackets. The heavy-equipment garage is about 3 miles from the light-equipment garage. We sent one piece of equipment for these materials with which to make all the brackets, and the time of the mechanic going to and from the two garages was charged to 2012.

Another item—Chevrolet dump truck No. B-2346. The job card on this item gives all the details of the work done covering the charge paid on the "Daily shop report of labor and materials," from which record of June 21, 1941, I understand Mr. Pirtle was testifying.

¹ See Affidavit No. 35, appendix, p. 3456. See also Affidavit No. 35-A, appendix, p. 3462.

You see, he was testifying from a recapitulation of all of this, and not from the original records, and these affidavits are from the original records.

Mr. FULTON. What does that original record show?

Mr. MANIER. I am going to tell you.¹

The true picture is that we received a service call and we had to send to the place where the tire went flat and bring the tire back to the shop. The time is charged against the particular repair from the time the party going for the tire leaves the shop until he completes the job. When this tire came in it was so badly damaged that I had to send a new tire out to take its place. Before doing this, a tube was patched, as it was all right. The mechanic reported when he brought the tire back that the piece of equipment needed a new wheel gasket. The time for going and getting the tire, patching the tube, going back and putting the new tire on the equipment, and placing a new wheel gasket on the equipment—it took two and a quarter hours, which, at double time, made 4½ hours, and the total cost of labor was \$4. The 63 cents shown on the shop card covered the cost of the patch and the gasket.

Another item to which I understand Mr. Pirtle testified is on vehicle No. 2100. The actual facts in this case, from my shop card, was not merely installing rings, but we made a complete overhaul of this motor and also put a heavy generator and oil filter on it. The total parts did come to \$3.66. It took only 24¼ hours, but at double time the work was charged at 48½ hours.

and that is what Mr. Harrison was testifying all the time, were the intimations as to the time it actually took.²

It took 24¼ man-hours, but at double time the work was charged at 48½ and the labor cost at double time came to \$57.54, instead of \$53.83 as I understand Mr. Pirtle testified. It would be impossible for any mechanic to have overhauled this motor, changed the pulleys, put in a new heavy-duty generator, oil filter and other work done on this motor for \$25, even if he wasn't working under union rules of double time.

Then he answers:³

I understand Mr. Pirtle further testified about a 3½ hours' labor charge for repairing another tire. The time was charged from the time mechanic left the garage, had brought tire back to the garage, had replaced it, taken it back to the equipment, put it on, and had then returned to the garage. This 3½ hours on June 21, 1941 was a double-time day,

so I am injecting that the amount of time was just double in this testimony.⁴

I understand Mr. Pirtle testified that there were several instances where it took an hour to change oil in a piece of equipment. When oil is changed in my garage on any piece of equipment, it is driven on the oil rack and two men work on changing the oil. They drain the oil from the car and flush the motor out and let it drain. They remove the oil bath from the carburetor and wash it and refill it. They examine all the Zerk fittings and refill the crankcase with oil. The quickest that this can be done, from having watched it, is 15 minutes with two men working on it, and a total of 30 minutes straight time, and at double time this would be an hour.

I understand Mr. Pirtle further testified that it took 41 hours to repair a missing motor which was listed as being in the garage on four consecutive times on that date. I well remember this truck, for when it was first brought in Mr. Pirtle was present, and he insisted that we merely clean the spark plugs which, under his instructions, was done. The equipment left the shop but was back in the shop within a short time later with the same trouble. Mr. Pirtle was still there and he said, "Clean the plugs again," and it was done. In a

¹ See Affidavit No. 35, appendix, p. 3456. See also Affidavit No. 35-A, appendix, p. 3462.

² Ibid.

³ Ibid.

⁴ Ibid.

short time the equipment came back with the same trouble and I made a statement to him, "There is no need of wasting any time in cleaning spark plugs, and the motor should be torn down and reconditioned." He finally agreed to this and approved my doing it. This I did, and in doing the work on the motor it overlapped from one shift to the other shift, and there were three shop cards made out on this particular job. The first card was made out to clean spark plugs and check a miss in the motor. The second to check motor from this and clean the light switch; and third, check for a miss in the motor. The total time consumed in putting in new rings and reworking the entire motor as well as cleaning spark plugs was $20\frac{3}{4}$ hours, which at double time made $41\frac{1}{2}$ hours.

Then, with reference to the item of 12 hours for repair on a carburetor: The facts are that this piece of equipment broke down and we had to make a service call on the same. We found sand had got into the carburetor. We had to remove the sand in the carburetor and clean the carburetor and then reinstall it. In addition we cleaned the spark plugs and cleaned the motor on this equipment. It took 6 man-hours which at double time would be 12 hours. The cost and time worked was not due only to the repair of carburetor, and the time was double time.

I understand that Mr. Pirtle testified that it took $9\frac{1}{2}$ hours on June 21, 1941, to repair self-starter. The facts about this case are that we rebuilt the generator, charged the battery, and also repaired the starter. The starter needed a new shaft, but Mr. Pirtle insisted that we straighten the shaft, when we could have done a better job and more quickly by installing a new shaft. The actual working time on both repairing the starter, the generator, and recharging the battery was only $4\frac{3}{4}$ hours, but it appears on "Daily short report of labor and material" on June 21, 1941, as $9\frac{1}{2}$ hours due to it being a double-time day.

Then Mr. Maxwell concludes—¹

I have tried time and time again to locate Mr. Pirtle when I needed him and it was always very difficult to find him in order to have him O. K. necessary parts. I always tried to contact him before making any replacements, as it was his duty to O. K. the same.

Then there is the affidavit of Mr. Harry V. Steele: ²

I understand that Mr. Pirtle, in his testimony at the hearing in Memphis, Tenn., on November 18, 1941, put a letter in the record which he claims to have written to Mr. Bouck, his superior, in June of 1941, in which he referred to an International truck No. B2336, on which he claims we caused an unnecessary delay in repairing due to the fact that we did not inspect the truck sufficiently when it came into our garage to enable us to order the sufficient number of parts. I remember this incident very distinctly, and the truth of the matter is that when the truck was brought to our garage we disassembled the truck and made a list of the repairs which it needed, and Mr. Pirtle was supposed to O. K. the necessary parts so that we could purchase them and make the necessary repairs. This was not done right away, and Mr. Pirtle authorized us to take the starter off the International truck No. B2336 and put the starter on another truck so that two trucks would not be idle at the same time. All of this was done at Mr. Pirtle's request.

On several occasions Mr. Pirtle has held up our repair jobs because of his failure to authorize us to make the necessary repairs after the necessity for the repairs came to his attention.

Then there are instances cited.

Mr. Pirtle, by his continual use of profanity and constant criticisms of the employees' work, kept the mechanics disturbed and dissatisfied, and this necessarily delayed our work.

and there are instances cited of that, I think.

The CHAIRMAN. It is pretty hard to run a garage without a little cussing.

Mr. MANIER. That is right.

¹ See Affidavit No. 35, appendix, p. 3456.

² See Affidavit No. 37, appendix, p. 3464.

See also Affidavit No. 35-A, appendix, p. 3462.

See also Affidavit No. 37-A, appendix, p. 3465.

Mr. STIRTON OMAN. Any kind of garage.

Mr. MANIER. Now comes the occasion when Mr. Pirtle testifies as to his surprise appearance at the garage. I think Mr. Fulton asked him, "Did you ever make a surprise appearance at the garage?" and the affidavits are that it was a crew, known to everybody there, that was at their lunch hour. That was the time he came and they were not supposed to be working at the time; and incidentally that was more or less indicated in Mr. Pirtle's own testimony.

The CHAIRMAN. Mr. Manier, I would like very much to take a recess until 2 o'clock and continue from 2 to 4, if that is satisfactory.

Mr. MANIER. That will be entirely satisfactory to us.

The CHAIRMAN. Then I am going to try to make an arrangement for the committee to continue the hearing on Monday at 10:30, if we don't get through at that time. If that can't be arranged, we will have to postpone it to a later day in the week. I think I can make a definite announcement on that at 4 o'clock.

I recess the committee now until 2 o'clock.

(Whereupon, at 12:12 p. m., the committee recessed until 2 p. m. of the same day.)

AFTERNOON SESSION

(The committee reconvened at 2:15 p. m., Senator Truman presiding.)

The CHAIRMAN. The committee will come to order. You may proceed, Mr. Manier.

Mr. MANIER. Mr. Pirtle in his testimony testified that the light-equipment garage was overstaffed, and picked out the day of September 10 as a typical day to illustrate that fact, saying there were 187 employees there. Mr. John H. Taylor, superintendent of transportation and light equipment, makes affidavit, from which I read:¹

Mr. Pirtle picked out the peak day of the entire project as to the number of mechanics and mechanic helpers which we on any one day ever had working at the light-equipment garage.

The CHAIRMAN. Can you furnish us with the average?

Mr. MANIER. And then I have here in the affidavit of Mr. Maxwell a tabulation. I want to be sure it is the affidavit of Mr. Maxwell. No; it is not; it is another affidavit, of Mr. Taylor, in which he lists a long tabulation showing this as the maximum, and going down as low as 141.²

The CHAIRMAN. Well, he gives the dates?

Mr. MANIER. Gives the dates and the number of employees.

The CHAIRMAN. That is to be an exhibit?

Mr. MANIER. That is already in the record. I put that in under the testimony of Mr. Pirtle. Now, Mr. Pirtle also testifies that he was refused records, and a number of these affidavits bear on that point, but as I am trying to abbreviate reading, I read from the affidavit of Mr. Joe E. McClyea, a general foreman of the light-equipment garage:³

I first want to state that I have never at any time refused to let Mr. Pirtle look at any record of which I had custody or any other record in connection with

¹ See Affidavit No. 34, appendix, p. 3453. See also Affidavit No. 34-A, appendix, p. 3453.
² See Affidavit No. 58, appendix, p. 3518. See also Affidavit No. 58-A, appendix, p. 3534.
³ See Affidavit No. 42, appendix, p. 3469. See also Affidavit No. 42-A, appendix, p. 3472.

the light-equipment garage which he wanted to see. All the records in the light-equipment garage are kept in numerical and alphabetical order, and at the time Mr. Pirtle asked me for the particular record on June 16, 1941, I was the only one in the shop office who could have found it for him. I was terribly busy, and for this reason asked him if it was compulsory for him to have it immediately, and told him if it was not, as soon as someone came to the office to help me I would be glad to get it for him.

He stated that his need for the record was not compulsory or immediate, and that it was quite all right for me to wait to get the record for him. When I got relieved I got the record out and upon his return, about 3 hours later, to the garage I went over this particular record in detail with him. About 2 weeks after, September 16, 1941, Major Brewer called and requested me to get John Taylor, superintendent of transportation, and W. H. Maxwell, superintendent of the light-equipment garage, and to be in his office within 30 minutes. This I did, and when John Taylor, W. H. Maxwell, and I arrived, I found L. E. Pirtle, Mr. Bouck, Captain Carlton, Major Atkins, and Captain Kibler already there. I had no idea what Major Brewer wanted of me, Taylor, and Maxwell before the meeting started.

Major Brewer called the roll of all in attendance. Major Brewer then explained that the meeting had been called because L. E. Pirtle had reported to Major Brewer that I had refused on June 16, 1941, to give him a record of the light-equipment garage which he wanted. He then turned to Pirtle and asked Pirtle to explain why the record was refused. Pirtle said that when he asked for the record I refused to give it to him on the grounds Mr. Maxwell, the superintendent of the garage, had instructed me not to show the shop records to anybody without his approval.

Mr. Maxwell has never given me any such instructions and I so stated at this meeting. I then proceeded to explain to Major Brewer and others at this meeting exactly what happened when Mr. Pirtle requested this record, which I have set out above in this my affidavit. Major Brewer then said, "I cannot see anything wrong in that and from now on when a Government employee wants any kind of record, regardless of what type, from the light-equipment garage, have him identify himself and sign for it."

Mr. Bouck at this meeting made the statement the light-equipment garage and everybody connected with it had fully cooperated. A few days after this meeting Mr. Pirtle came to my office and I wanted his approval regarding some repairable units which were at the garage, and on which we could not proceed to work without his approval. Mr. Pirtle said, "You seem to be able to find out most anything you wish to know. Now, dam it, find this out"; and for several weeks after this he refused to consult with Mr. Maxwell or me on anything.

Now, there are set out in here instance after instance of his refusal. I don't want to encumber the printed record with that—where they pressed on it.

The CHAIRMAN. That is going to be an exhibit.

Mr. MANIER. Where they brought the pressed stone and Mr. Pirtle obstructed their putting it in when there was danger of the thing freezing and finally said:

I started this and I think I can manage it satisfactorily.

And then finally said, Mr. Pirtle finally said this to McElyea:

I don't know who instigated that but if they want that they can work it any way they damn please. I don't care if every unit on this project freezes and bursts.

The CHAIRMAN. Mr. Pirtle seems to have had a pretty good vocabulary of swear words; must have been an artilleryman; that is where I got my training. I understand you had some of that in the Navy.

Mr. MANIER. I also had some in the Army; I ended up in the Third Division of the World War. Mr. Pirtle testified to the general effect about spark plugs, and there is much testimony in these affidavits to the effect that Mr. Pirtle insisted on cleaning spark plugs. They had a

machine for them; at a time when it would have been very much cheaper to have bought one at a very low cost.

The CHAIRMAN. That was true also of that carburetor; you would have been able to buy a carburetor for about a third of what it cost to put one on.

Mr. MANIER. If I recall correctly, that was Mr. Pirtle again, testimony that he insisted on doing that and insisted on trying to repair shafts; a long affidavit here where he fiddled with it for an hour or two, and they finally had to do something else about it. In connection with that cleaning of spark plugs I further read from Mr. McElyea's record:

I also know of my own knowledge that spark plugs are cleaned by our garage on the cleaning machine whenever we have the necessary sand for doing this, and then the spark plugs, after being cleaned, will give proper service.

I know, however, that Mr. Maxwell in my presence has requested Mr. Pirtle time and again to order the necessary sand for operating the spark-plug-cleaning machine, which he has consistently refused to do. I have heard him say that he wasn't going to O. K. orders for sand, for we had already too damn much sand.

The CHAIRMAN. This part of Tennessee is pretty sandy?

Mr. MANIER. Yes, sir; down in the west part. Then here is the affidavit of Mr. Yeargin about some things and the difficulties of Mr. Pirtle and how he obstructed the operation. Mr. Yeargin says:¹

I wish to state that I have never done or seen done in the garage any operation or repair to any equipment that was not absolutely necessary in order to keep the equipment operating. This work was done as efficiently as I have ever done any when I was in business for myself or have ever seen done in any first-class garage. The only delay caused was by reason of Mr. Pirtle complaining about jobs and operations of which he seemed to know very little.

Now in that connection these affidavits show that Mr. Pirtle prior to going into Government employ was employed in the capacity he was in, had operated a small filling station and garage in Milan, a town near there of about 3,000 people; and another affidavit shows that he had a grouch on the whole situation here because he said the best thing that could happen was for the whole dam defense project to blow up.² Then Mr. Pirtle also appears in this record and during his testimony, and this appears in affidavits, and I am abbreviating it, there was a long letter read about the Mills-Morris situation, and these affidavits show they were pets of his, and on one occasion, I have forgotten exactly what it was, something to be done at a regular cost with the people doing it and making prompt deliveries, and he arbitrarily insisted on it being given to Mills-Morris and said in the presence of the affiant that it would be "just your job now and you have to build a little bit less," and they actually did it for 10 cents less than the regular price of some \$25 or \$30, and at an additional delay of 2 or 3 days, which resulted in considerable cost to the Government. That all appears in the affidavit.

Where I am abbreviating this way don't hold me too close to the facts.

The CHAIRMAN. We are letting you make the record as you see fit, Mr. Manier.

¹ See Affidavit No. 43, appendix, p. 3474. See also Affidavit No. 43-A, appendix, p. 3475.

² See Affidavit No. 44, appendix, p. 3475. See also Affidavits Nos. 44-A and 44-B, appendix, p. 3476.

Mr. MANIER. That sustains the point I am making.

The CHAIRMAN. We will study the affidavits to support what you have to say.

Mr. MANIER. Now, after all the light equipment garage was maintained for the purpose of producing cheap operation of this light equipment, which I think the affidavit shows consisted of station wagons, passenger cars, and pick-up trucks, and other similar things, and we have some affidavits on what that amounted to.¹ There is an affidavit here of the cost of washing cars, and there was a good deal of testimony, as you will remember, by Mr. Pirtle to the effect of how long it took to wash cars, and Mr. William C. Davis.² I will find his affidavit as quickly as I can, on that subject.²

I have kept a record of every vehicle which my men have washed and this record reveals that beginning June 11, 1941, up to and including November 20, 1941; my shift of men under me has averaged approximately 59½ units per day, or 1 unit each 9 minutes, or a grand total of 7,325 units. This covers a period of 139 working days, and, of course, that is the test of the effective operation of a garage.

Then we have here the affidavit of Mr. John H. Taylor as to the actual cost. Mr. Oman has testified to it but his is a little fuller than Mr. Oman's testimony, as to the actual cost of the operation of these cars, and he has attached to it the supporting data on it. Exhibit 14 is supporting data, shows 0.363 cents cost per mile as the total of all vehicles handled in my department, and that is the station wagons, the trucks, pick-up trucks, and passenger cars. This total operating cost plus gas, oil, batteries, tires, parts of all description and labor for installation, plus the overhead expense of garage, as superintendent, foreman, parts men, office help, and miscellaneous labor not chargeable to any one certain job.

I wanted to emphasize that because of the testimony of Mr. Pirtle of the character it was. That pretty well concludes Mr. Pirtle's testimony, and as far as I have been able to study the record, it meets every insinuation contained in it with sworn affidavits.

ROAD CONSTRUCTION

Mr. MANIER. I will now go to the testimony of Capt. George N. Kibler. You will remember that he testified in some detail as to there being parallel roads.

The CHAIRMAN. That is right. I went out and looked at those parallel roads and I still don't understand why it was necessary to have them.

Mr. MANIER. I will have to read this a little more fully for you to understand it than I will most of it.

The CHAIRMAN. You will have to read it very fully for me to understand it because I looked it over very carefully.

Mr. MANIER. I think you will, and I had to have it explained to me, and I managed to understand it. I am sure if I did, the Senator will be able to. This is the affidavit of W. W. Turner, who is employed by the H. K. Ferguson Co., the architect engineers, as the highway design-engineer for the H. K. Ferguson Co.

The CHAIRMAN. Mr. Manier, when you get to talking about highways, I know something about them; I have laid them out, had them constructed, had much experience with them, and I hope you can ex-

¹ See Affidavits Nos. 38 and 39, appendix, pp. 3465 and 3466. See also Affidavit No. 34-A, appendix, p. 3453.

² See Affidavit No. 40, appendix, p. 3466. See also Affidavit No. 40-A, appendix, p. 3467.

plain this to me satisfactorily, because I know what I am talking about.

Mr. MANIER. I think I can.¹

These roads were properly designed and necessary in the plan and operation of the plant, and likewise conformed to the instructions contained in the Manual of Instructions for the Administration of Contracts and Ordnance Safety Manual. The necessity for the two roads is understood from the following facts: One of these roads is one of the main arterial highways serving both the Wolf Creek ordnance plant and the Milan ordnance depot. This road is therefore used by thousands of employees traveling to and from home and back and forth over the two projects, and traveling on the road is and will be heavy.

This road further runs from the administration buildings on the east boundary of the Milan ordnance depot gravel gate or entrance to both the Wolf Creek ordnance plant and the Milan ordnance depot on the west boundary of both projects. This particular road is further the boundary between these two projects.

That means the Wolf Creek ordnance plant and Milan ordnance depot.

The CHAIRMAN. I noticed that.

Mr. MANIER (reading):

The other road running parallel to the road described above is to the south of the main arterial and is enclosed by a heavy chain link and barbwire fence.

The CHAIRMAN. What I couldn't understand was why the Sam Hill the road couldn't be built where the fence is and made wide enough to take care of both projects, and could have been done for at least a third less than the two roads cost.

Mr. MANIER. May I make a little explanation? The one within the restricted area has little branches going off of it that bring the powder from the igloos to that road.

The CHAIRMAN. I noticed that.

Mr. MANIER. If each one of those little branches had gone to the main highway there would have had to have been a gate for every one of those branch roads in the wire fence around this, and the one inside the restricted area was a collecting road for the little ammunition roads that ran off of it. I am not sure I am using correct terms, but I think you get the idea.

The CHAIRMAN. I understand the situation.

Mr. MANIER. May I read the rest of that?

The other road—

the one I have just been referring to—

parallel to the road described above is to the south of the main artery and is enclosed by heavy chain link and barbwire fence.

So that if the outside road had been a collecting road for that, it would have been necessary to have 13 or 14 gates instead of 1, with guards for them.

The CHAIRMAN. I still think the 13 or 14 gates would have been cheaper.

Mr. MANIER. They have a guard at every one of those gates in that restricted area¹:

The last road is a patrolled road—

¹ See Affidavit No. 5, appendix, p. 3373. See also Affidavit No. 5-A, appendix, p. 3374.

the one inside, within the fence ¹—

and connected with the road or roads serving the igloos, which are used by the plant for the storage of high explosives. It is not only necessary but very practical that this road should be enclosed by the fence and that regular traffic should not be allowed within the fence. If the main artery, first described, was used for both roads, then these roads from the igloos would strike the main-artery road at regular intervals, not only requiring gates and guards—

as I mentioned ¹—

but creating a dangerous condition by reason of the traffic in the main highway. Patrolmen within the explosive area would be unable to patrol any area effectively unless within the area enclosed with a fence, and within which run the patrol roads. The workmen are not allowed to bring their personal automobiles, nor are they allowed to enter with cigarette lighters, matches, and so forth, or anything else that would cause an explosion.

The plan of operation is that the workmen travel over the main artery to the administration area, where their automobiles are parked, and they are checked for matches, cigarette lighters, and so forth, and then transported in plant cars to their places of work within the restricted or explosive areas. There is no way to design one road to cover all purposes when ordinary travel and storage and handling of high explosives are involved. I quote below from the manual of instructions for the administration of contracts, War Department, office of the Chief of Ordnance, page 88, paragraph C: Important Protective Features.

1. Fencing around each manufacturing and explosive area.
2. Patrol roads located inside the fenced area.
3. Patrol cars equipped with two-way radios and operating on patrol roads.

I further quote from the Ordnance Safety Manual, as follows:

1. Ordnance Safety Manual, page 27, paragraph 24 (d), subparagraph (3): Good roads for use by guards and fire fighters should be provided. Roads for traffic, 2, and from the safety zone should not pass through the magazine area.

2. Ordnance Safety Manual, page 9, paragraph 7, subparagraph (37): Road systems serving magazines or explosive operating buildings should be so arranged that trucks carrying explosives will not be isolated on dead-end roads in case of fire or explosion.

That is, the feeder roads.¹

All requirements of the above are met with the present design, which has received the approval of the Ordnance Department and construction quartermaster.

It was further testified to by Captain Kibler that the roads parallel one another for about $4\frac{1}{2}$ miles. This is not correct. The patrol road parallels the main artery for a distance of $2\frac{9}{10}$ miles.

The CHAIRMAN. I am not quarreling with the contractors or the fact that there are two roads there. I am quarreling with somebody for not using good, in my opinion, engineering ability in laying the thing out on an economical basis for the Government.

Mr. MANIER. If they had only one road all the main traffic went through there and then the others were restricted areas, filled with high explosives, and it required that other road for the restricted area. Otherwise the main road would have had to have gone through the restricted area, which was really impossible when it is a munitions manufacturing plant.

Mr. KINGSLEY FERGUSON. The high-powered experts of the Ordnance Department, our own organization, and Procter & Gamble Defense Corporation pored over that lay-out for a period of about 3 months and it was after the original lay-out of the Wolf Creek ordnance plant was established that we received the contract for the Milan ordnance depot; therefore the road system for the Wolf Creek ordnance plant was already an established fact at the time the Milan ordnance depot was brought into the picture.

¹ See Affidavit No. 5, appendix, p. 3373. See also Affidavit No. 5-A, appendix, p. 3374.

CONSTRUCTION OF STAFF HOUSES

Mr. MANIER. Now, Mr. Kibler testified that he didn't think that the plumbers were working at full capacity and mentioned an instance in which he saw a large number of the plumbers standing around the shop idle. Mr. John McInerney, general superintendent of construction tells of his custom to visit the job daily and that he never observed any large group of plumbers to be idle except on one occasion. Here is his statement:¹

Upon investigating and questioning the foreman I found that these men had just come in from the job to meet the paymaster. As a matter of fact while I was investigating the balance of the plumbers came in just as the paymaster arrived. This is the only instance when I saw a number of plumbers waiting around.

Now, Captain Kibler also testifies to 35 men working on a well house all at one time, and Mr. McInerney, the same man, superintendent of construction, makes an affidavit. This is Captain Kibler's testimony:²

A short time before I observed that I was informed by one of our time inspectors that he found 35 men working on a little well house. There were 2 foremen, 2 carpenters' foremen, a labor foreman, and the balance of the work was divided up amongst the carpenters and laborers almost in equal number.

Mr. McInerney says in his affidavit:³

I remember this occasion. There were not 35 men employed on this well house. The facts are that there were 9 carpenters, 3 carpenter helpers, and 12 laborers.

I was notified that day that there was a large group of men working on this well house. I immediately had this investigated. The reason for this number of men was that 1 of the crews of laborers by mistake reported to work on this particular well house and should have been working on another well house. The reason that there was that number of men working on 1 well house was that we were being urged to complete the well houses as rapidly as possible so that among other things a motor could be hooked up to the system and the services of an operator of a gasoline engine dispensed with, and the entire water system turned over to Procter & Gamble Defense Corporation, and the fact there were 2 crews of laborers there was simply a mistake as to location such as might occur on any large project, employing up to 15,000 men.

This is mentioned in another affidavit by myself. A crew that was intended to go to another well house landed at this well house, as well as the crew that was supposed to go there. When this was reported to me and I was in an important meeting I sent a subordinate to investigate. Shortly thereafter when the meeting broke up I made a trip to the well house and found that one of the crews had gone on to its proper place.

The CHAIRMAN. I wonder, Mr. Manier, if this was a habit of missing the place to which they should go. It seems rather unusual that this should be the particular difficulty picked out by the investigator, unless it may have been a habit to make mistakes of that sort.

Mr. MANIER. The real difficulty is that these investigations—this wasn't investigators—the men used as witnesses in this were men looking and telling of little job gossip, all that they had ever run into, and a lot of trivia that we have had to go to very great trouble to meet with affidavits in order to do it, and I am informed—I am not sure it appears in the affidavits—but I am informed that this is the

¹ See Affidavit No. 2, appendix, p. 3369. See also Affidavit No. 2-A, appendix, p. 3369.

² Supra, p. 2956 et seq.

³ See Affidavit No. 1, appendix, p. 3368. See also Affidavit No. 1-A, appendix, p. 3368.

only instance of that sort that anybody could locate. That is the way we located it.

Mr. FULTON. Does it mean the position of the contractor is that all 15 or 20 of these Government officers and witnesses were all prejudiced against the contractor?

Mr. MANIER. It means from the standpoint of the contractor that instead of getting responsible officials in responsible positions to testify in this record, that they have all been people in very minor positions.

Mr. FULTON. Take Captain Kibler, you are talking about; what was his position?

Mr. MANIER. His position was executive officer.

Mr. FULTON. Executive officer to the constructing quartermaster. Is that what you term "minor"?

Mr. MANIER. He was only able to find one, and it was as much his duty to find it as the contractor, one instance for which we have offered an explanation, and we know of no further one, and there is no further one in the record.

Mr. FULTON. And you take the position that that captain as an Army officer was prejudiced against your company?

Mr. MANIER. Yes, sir; and I am going to proceed to show it before I get through. I am going to proceed to show his prejudice by bias in this situation.

Mr. FULTON. Will you particularly take up that question of kick-back?

Mr. MANIER. I am going to show in the greatest detail, because that is an important item in this record. Now, the next one is the question of staff houses in which we have here the affidavit of J. McInerney, superintendent of construction.¹

These houses were built in a wooded, hilly section and were two stories. These houses were designed by Wilbur Watson, associates of the Ravenna ordnance plant, and covered houses which were constructed at the Ravenna ordnance plant, which is a much colder climate than the climate of the location of the Wolf Creek ordnance plant. We were instructed by the construction quartermaster to build these houses according to these plans and specifications, with some minor alterations to suit materials available.

We were instructed not to cut down any trees unless they were actually on the building site. Therefore it was impossible to bring in any machines to excavate and it was necessary to excavate by hand, with the exception that on some houses it was possible to get in a small backhold to the location. There are full basements in each house with ceiling limit of 7 feet 2 inches from finished concrete floor to under side of first floor joists. Basements were always of hollow tile with exteriors waterproofed; subsoil drainage is provided around exterior of all walls.

Owing to the inaccessibility of these houses it was necessary to set up a concrete mixer for the pouring of concrete floors and wheelbarrow the aggregates from temporary roads which were cut through on the approximate line of the permanent roads. It was also necessary to wheelbarrow the tile for the walls, brick for fireplaces and chimneys, sand, and cement. All framing timbers had to be handled in the same way, plus interior trim, stairs, mantelpiece, wood flooring, roofing, glass, and so forth.

We were instructed to push these 32 houses with all possible dispatch and we had to use such labor as was available. It was the building of small houses especially and with very few exceptions none of the carpenters available were experienced in house framing. We had to use this limited number of experienced men in constructing and laying out the work for the men not experienced

¹ See Affidavit No. 4, appendix, p. 3371. See also Affidavit No. 4-A, appendix, p. 3372.

on framing houses, which resulted in a very material slowing up of the work, thereby adding to the cost.

In addition to this the grade of lumber furnished had to be carefully selected to use only sound timbers, free from knots and shakes where strain and stress occurs. The interior trim, doors, stairs, knock-down kitchen cabinets, mantles, hand rails, and so forth, were let to the low bidder. This woodworking shop was not capable of turning out an order of this magnitude in the time allotted. In order to keep the work going we would send the millwork in in the small lots, which materially slowed up the job. Instead of using lath and plaster we were instructed to use plasterboard to eliminate the time necessary for the drying out period, as it was expedient that these houses be ready for occupancy in the shortest possible time.

The CHAIRMAN. That is cheaper than plaster, isn't it? Plaster board is cheaper than plaster?

Mr. MANIER. I don't know.

Mr. FULTON. Very materially cheaper. I have used the two. Isn't that true, Mr. Ferguson?

Mr. KINGSLEY FERGUSON. Generally true; yes, sir.

Mr. FULTON. About a third.

The CHAIRMAN. The way I came to my conclusion on these houses, Mr. Manier, if you will stop for a moment; I had just looked at a house out on Macomb Street, about 5500 here in Washington, where a new addition is being constructed under practically the same conditions. In fact, the land is more hilly and there are more trees. These houses are being constructed out of brick and stone and wood with slate roof—the ones I am talking about here in Washington—and they have most of them two bathrooms and have one more room than these houses contain. They sell from \$14,000 to \$21,000 with a profit to the contractor, and that includes the land and the excavation and everything in connection with them, and includes the street improvements and paving. Yet here we have 32 wooden houses with plasterboard.

Mr. MANIER. They have tile walls.

The CHAIRMAN. That is only in the basement; the basement has a concrete floor and tile wall, but the rest of the house is just a plain frame house.

Mr. MANIER. Do you want my frank opinion about it? If I had been building one of those houses, I would have built it cheaper than those houses cost.

The CHAIRMAN. You could have built one at a time for half the cost. That is what I am contending.

Mr. MANIER. Couldn't build them one at a time because they were instructed—

The CHAIRMAN (interposing). By building them all together they ought to build them for a good deal less than that.

Mr. MANIER. That is a matter of conclusion.

The CHAIRMAN. I don't see how a house of that sort could cost \$23,000 when I can buy one out here, including the contractor's profit, street improvements, cutting down the trees, and grading and everything else that goes with a house, and Washington is the highest place in the United States in which to buy real estate at the present time. I can go to Kansas City and buy one for 60 percent of what it can be bought here in Washington, and it will be a substantial brick house with plaster walls and a slate roof, or tile roof, and it will be anywhere from \$5,000 to \$7,000 cheaper than these houses are priced to the Government. I think this project cost \$647,000 just for the houses; that didn't include

the land or anything that goes with it, and I still contend that it is an outrageous price for the Government to have to pay. Proceed; make any case you like.

Mr. H. K. FERGUSON. The total material involved in this housing project was every bit of it bought on competitive bids, every subcontract for plumbing, heating, electrical work, roofing, was let on competition. The total cost of the materials alone involved was \$359,000, or about \$11,000 per house. Now, how we can get back of that I don't know.

The CHAIRMAN. I don't understand why those costs should be so great. The same materials ought to be cheaper in Tennessee than they are here, with all due respect to my good friend beside me from Tennessee.

Mr. H. K. FERGUSON. The ratio between cost of labor and cost of material was that the labor was about 90 percent of the cost of materials, which is a fair ratio, about 45 to 55 percent of the total, and I think if you will look at the houses you might find some reasons for it, because—

The CHAIRMAN (interposing). I looked at them; I drove through.

Mr. H. K. FERGUSON. Did you go into any of them?

The CHAIRMAN. I didn't have the time but drove through the whole addition in a car and looked at it very carefully because I was much interested in this. I just couldn't see how 32 houses could cost \$647,000.

Mr. H. K. FERGUSON. It is a lovely location.

The CHAIRMAN. Just as fine as this one in Washington; I would rather live there than in Washington.

Mr. H. K. FERGUSON. We finally got the plans for those things approved in the middle of July, when the construction quartermaster authorized us to proceed. He and the Procter-Gamble Co. told us we must have those houses completed and ready for occupancy on September 1, which is 2½ months. On September 1 we had 10 houses ready and in another month they had completed all of them. It was impossible to speed at that rate without some added costs.

The CHAIRMAN. I agree with that, that it probably would cost more than they ordinarily would under an ordinary construction contract, but I still think—I don't know who is to blame; I am not trying to cast the blame on the contractor or anybody else, but I am trying to find out why the devil the Government has to pay twice as much as a house like this is worth.

Mr. H. K. FERGUSON. There is only one other thing I want to add to those facts, Mr. Chairman. That is about the middle of the house operation we were told to go on a 10-hour day, 6 days a week. We had tried resolutely to hold the job on the 8-hour day, but we found presently it just couldn't be done.

The CHAIRMAN. And you had to pay time and a half.

Mr. H. K. FERGUSON. The Government had by that time come to the agreement with the unions nationally that overtime was straight-away time and a half instead of double time, which would have eliminated the difficulty, and that has been very helpful to us; but here we were with 2½ months to build \$359,000 worth of material, 6 days a week, 10 hours a day, and I hope you know something about Tennessee carpenters.

The CHAIRMAN. My colleague knows all about them.

Mr. MANIER. There is one more sentence in this affidavit I would like to read.¹

A number of these houses had three baths and a basement lavatory, and were from seven to eight rooms, and consisted of two floors.

Mr. H. K. FERGUSON. That is the reason I hoped you had seen the inside.

The CHAIRMAN. I will take a look at them one of these days.

Mr. FULTON. Do you have building materials for each one of these houses?

Mr. H. K. FERGUSON. We had skill saws set up for the shaping of the end studs and everything.

Mr. FULTON. What I was trying to figure out was how you could get \$11,000 or \$12,000 worth of material for such a house and I was wondering are those simply the bills of materials multiplied?

Mr. H. K. FERGUSON. This is the total of items.

Mr. FULTON. What I was trying to find out, how much lumber was used as compared with the bill of materials given to you at the time the design was furnished?

Mr. KINGSLEY FERGUSON. We had to make our bills of material from the designs furnished.

Mr. FULTON. You had the plans, and I assume it would be possible to look it over and see, for example, where the quantity of lumber you ordered paid for and charged to the house had any exact relationship to the quantity of lumber needed to build that size house of that type, because I know they don't use that much material in dollar cost in houses of similar size, of better construction, and I wonder where the discrepancy comes in.

Mr. H. K. FERGUSON. Because you haven't seen the houses. I wish you would look at them. I think that will answer your question.

Mr. FULTON. I think we would rather look at the designs and drawings, which we would like to have furnished us, from which we can estimate the quantity of material.

Mr. MANIER. Captain Kibler also testified about too many carpenters working on a garage. Mr. McInerney says:²

This was not reported to me at the time, nor has it ever been reported to me since that time. If Captain Kibler had reported this to me, I would have investigated it promptly. It is true that there were a number of double garages built on this project, and if this was the case, in the interests of rapid construction, which was required on this project, the number of men would have been justified.

If it were a double garage and not a single one.

CHERT CONTRACTS

Mr. MANIER. Now I get to the very important question of chert. This is not one of the trivia. I am reading from the affidavit of Mr. Kingsley Ferguson, which has this thing consecutively stated and, I think, should go in the record.

The CHAIRMAN. Proceed.

¹ See Affidavit No. 4, appendix, p. 3371.

See also Affidavit No. 4-A, appendix, p. 3372.

² See Affidavit No. 3, appendix, p. 3370.

See also Affidavit No. 3-A, appendix, p. 3370.

MR. MANIER. As you will remember the insinuation in Captain George N. Kibler's and Mrs. Louise Cartwright's testimony was that they were paying more to the Memphis Stone & Gravel Co. for chert at \$2 a yard when they could have bought it all at \$1.63 from the Cartwright Co.¹

The Ferguson Co. did not in any way discriminate against the Cartwright Construction Co. The Ferguson Co. did not purchase chert at \$2 per yard which could have been obtained from the Cartwright Construction Co. at \$1.63 per yard. These are the facts. When this large project was started, in view of the fact that the project is located in a rural area without the benefit of rail delivery facilities at that time, it was necessary to obtain certain base material.

THE CHAIRMAN. Doesn't the main line of the Illinois Central and the mail line of the Louisville & Nashville run right by this project?

MR. MANIER. Yes, sir.

MR. KINGSLEY FERGUSON. But the immediate area we wanted access to, which was the administration area, so we could house the employees coming into the job, was remotely located from both of those lines by I think 5 miles in one direction and 7 miles in another, approximately those distances.

MR. MANIER. This covers the better part of two counties, Carroll and Gibson.

THE CHAIRMAN. I drove over most of them; 28,000 acres is a good deal of land.

MR. MANIER. Probably more than that, as a matter of fact.²

It was necessary to obtain certain base material as promptly as possible because of the vital need for speed in the construction of the defense project. There were no adequate roads within the area and therefore the establishing of temporary roads was the first necessary step in order to get the project under way. The Ferguson-Oman Co.—

this bears our point, Senator—

first consulted with the Illinois Central Railroad requesting that they submit a possible list of vendors for base materials. The reason for consulting with the railroad was that I was not familiar with the sources of supply of available base material in the locality of this project.

I solicited bids on base materials covering alternates as follows: Stone chert and slag, also cinders, which we found were not available in sufficient quantities.

I happen to know they also did no gravel because I represent a gravel producer there I know personally.

Bids from the Franklin Limestone Co.—

that is a crushed stone company in Nashville.

The Memphis Stone & Gravel Co. and the Birmingham Slag Co., chert slag people. The Cartwright Construction Co. did not bid, nor did the gravel people.

You asked me to mention if I had any client in this record. That is the L. Herbert Sons, clients of mine, but they didn't bid for that.

It was found that the cheapest material was chert as quoted by the Memphis Stone & Gravel Co. at \$2.25 per yard. Their bid had the further advantage of truck delivery on the job to the point of use on the project.

I am injecting now, not reading from the affidavit, or the slag would have to have been delivered several miles from the railroad and re-

¹ See Affidavit No. 7, appendix, p. 3385. See also Affidavit No. 7-A, appendix, p. 3388. In this connection also see Affidavits Nos. 6 and 6-A, appendix, pp. 3375, 3376.

² Ibid.

quired a hauling job, whereas the chert was carried right to the place where it was needed.

Nevertheless, we realize the price was high, and therefore purchased only a limited quantity of 10,000 cubic yards, with the expectation of readvertising and soliciting further bids in an effort to reduce the cost.

They could have taken quite a large quantity on that bid and have done it perfectly properly, but they thought it was too high, and I happened——

The CHAIRMAN (interposing). I think it was unconscionably high. I think \$1.63 is a high bid for chert.

Mr. MANIER. I am not so sure you will think that.

Mr. KINGSLEY FERGUSON. I think if you would check with the State highway department and the other sources of State highway work, and local highway work, you will find their prices considerably above \$1.63.

The CHAIRMAN. I consulted with the Tennessee Highway Department on the construction of those concrete roads that run from Milan to Brownsville, I believe it is, and from Milan to Jackson, and those roads were built for two or three thousand dollars per mile less than the black-top roads in this project.

Mr. KINGSLEY FERGUSON. I think Mr. Manier will get to that a little later on because that is another important point.

The CHAIRMAN. That really bothers me because the black-top road, in my opinion, for heavy traffic is not worth a damn; yet this black-top road cost three or four thousand dollars a mile more than a first-class concrete road.

Mr. KINGSLEY FERGUSON. That brings in another subject and I think we want to keep him on the subject of chert.

The CHAIRMAN. We will stick to the chert.

Mr. MANIER. I might clear up one situation on that; it is in this record. At the time when this was being discussed the statement was made that these roads cost \$29,000 a mile. That is wrong. We have carefully investigated and have proof here to offer. I know what the figures are and I will tell you why they were wrong; it was based on——

The CHAIRMAN (interposing). I will be glad to listen to them. I hope it didn't cost \$21,000 a mile, because that is highway robbery.

Mr. MANIER. Major Horridge said that came from an estimate which included other things, and taking the very estimate from which he testified and eliminating the other things, not properly chargeable to roads, and there were many, including a \$200,000 contingent fee which was in the estimate, and including all of the concrete driveways and including a great many temporary roads that were built, and including a lot of area grading, all charged to those roads, that had nothing to do with them at all.

The CHAIRMAN. We will get to that.

Mr. MANIER. Eliminating that, the cost was \$23,432.06 a mile; I recall the figure. That was the actual cost.

The CHAIRMAN. That is still pretty high for a black-top road.

Mr. MANIER. In which, however, the Government had acquired machinery which is a proper credit for the account, became the owner of machinery of about \$4,000 a mile. That is included in that cost. I may have the figure high, but it was a considerable figure per mile.

which is a proper credit against that mileage cost. We are going to prove that; otherwise I wouldn't make the statement.

The CHAIRMAN. I will still argue the question with you, but proceed.

Mr. MANIER. And there is almost an identical road of this sort built by the Tennessee Highway Department from Milan to Trenton in that same area. We are going to have comparative figures on that as compared with these roads, cheaper built as far as the purchase of material, and so forth. But I am not prepared on that now¹:

On February 11, 1941, after the original 10,000 cubic yards had been delivered and used, we readvertised for bids and secured quotations from the Cartwright Construction Co., the Memphis Stone & Gravel Co., on chert, and from the L. Herbert & Sons, because you asked me to mention them. They are my clients, sand and gravel people. And Jack Smiley and J. R. Caldwell on gravel. One hundred thousand cubic yards of chert was needed for temporary surfacing and a high quality of chert was not necessary. The bid of Memphis Stone & Gravel Co. on No. 8 chert was low at \$1.70 per yard, as shown in the records in our office.

Still endeavoring to reduce the price of chert we purchased only 35,000 yards at \$1.70 per yard. The bid of the Cartwright Construction Co. on No. 8 chert—this is the first time they bid—²

was \$1.75 per yard. That was 5 cents more than the bid of the Memphis Stone & Gravel Co. on No. 8 chert so it was awarded to the low bidder, the Memphis Stone & Gravel Co. on No. 8 chert at \$1.70 per yard.

On March 17, 1941, it was necessary to increase the order to the Memphis Stone & Gravel Co. from 35,000 to 45,000 yards, or an increase of 10,000 cubic yards, although the original bidder under the original bids—we could have purchased 100,000 yards from the Memphis Stone & Gravel Co. This was not done as we were endeavoring to get a better price on chert. During this time filed specifications for the chert required by permanent roads were being developed from the chert tests of the material by the architect-engineer. On March 19, 1941, the specifications having been completed, we made a further effort to get satisfactory chert at a saving to the Government and readvertised for bids on 150,000 cubic yards to meet the requirements of the architect-engineers, approved specifications, which specifications covered a higher grade of chert than that previously obtained.

The higher grade of chert required a higher metal content than we had previously obtained on the \$1.70 bid and we are going to have the affidavits showing the difference between this character of chert.

The requests for bids of March 19 specified that the bidders must prepare and be equipped to deliver a minimum of 2,000 cubic yards for each 16-hour working day. Deliveries in large quantities had become necessary due to the fact that necessary equipment was arriving on the job to handle this amount of chert. We impressed upon the bidders that failure to deliver the minimum quantity would seriously delay the work of the project and cause great unnecessary expense to the Government because of the crew and equipment which would be forced to wait for the material to arrive, and further due to delays on the building phase of the project caused by impassable roads.

Bids were received on the higher grade of chert now required by the specifications as follows: L. C. Gasser, Camden, Tenn., at \$2.25 per yard; L. O. Green, Camden, Tenn., at \$2.30 per yard; Memphis Stone & Gravel Co., Memphis, Tenn., at \$2 per yard; Cartwright Construction Co., Memphis, Tenn., at \$1.63 per yard. The Cartwright Construction Co. was awarded the contract on the lowest bid of \$1.63. Mr. Cartwright acknowledged receipt of the order and stated he would start immediate deliveries as per specifications.

The purchase order which he signed contained the following provision: "It is understood that time is the essence of this purchase order." From the time the Cartwright Construction Co. started deliveries they were never able, with

¹ See Affidavit No. 7, appendix, p. 3385. See also Affidavit No. 7-A, appendix, p. 3388.

² Ibid.

one or two exceptions, to deliver the minimum quantity required in their contract.

There is attached here where it averages less than 1,000 yards, and day-by-day tabulation showing the days when they didn't deliver at all; days when they delivered; and they never got up to it on any day, to the 2,000.¹

Deliveries of insufficient quantities constantly disorganized the large road crews hired to handle the chert in the quantities promised by Mr. Cartwright and resulted in unnecessary expense to the Government because of the loss of labor and equipment on the project and substantial delay to the progress of the entire project. The quality of the material delivered for the Cartwright Construction Co. was poor, as revealed by the inspection of the architect engineer and recorded in their reports, and also by the Mississippi Testing Laboratory.

The situation became so serious that the Ferguson-Oman Co. was forced to recommend to the constructing quartermaster that the Cartwright contract ought to be canceled, in view of the fact that he had failed to meet any of the requirements of the contract. On April 4, 1941, Mr. Cartwright informed us that he had purchased a second-hand or new plant for installation at his pit and that in 10 or 12 days he would be able to deliver the capacity.

And in that connection there is another affidavit showing he had no plant there at all when he took the contract.²

It was determined to allow Mr. Cartwright to continue deliveries without canceling the order, pending installation of the new equipment because of two reasons: one, we were reluctant to accept a higher bid, and two, we were reluctant to seriously handicap Mr. Cartwright financially since he had already committed himself to extensive financial obligations in connection with his contract, which later developed was substantially beyond his means.

And incidentally this is one of the things in the record that I happen to know quite a good deal about personally because I was consulted about it; tried my best to help Mr. Cartwright out because I know my clients wanted to continue the contract with him.

Mr. FULTON. You were consulted by whom?

Mr. MANIER. I was consulted by Mr. Cartwright's own lawyers and by my clients in the matter.

Mr. FULTON. Who were your clients in the matter, Ferguson-Oman? Were you consulted by anyone on behalf of the Memphis Stone?

Mr. MANIER. No; but I was consulted on behalf of Mr. Cartwright, by Mr. John Gray, of Brownsville, Tenn., an intimate friend of mine, and he sent his brother, Alec Gray, to see me in this situation. I went into it for him. I only talked to Oman and found that they were quite anxious to keep this bid in operation. The difficulty was that the finances didn't exist and he really wanted Ferguson-Oman to finance it, and had a plan with a Memphis bank whereby if he would assign his future payments and the contractor would accept the assignment for them, that the bank might have financed them, and I told him that we were quite agreeable to agreeing with the bank to make the checks payable so they would get the checks and send them to him, and Mr. Gray frankly told me that the bank was suspicious of Cartwright and wasn't willing to do that. I said to him, "Then you can hardly expect us to take financial risk involved in it that his own banker isn't willing to do."

¹ See Affidavit No. 7, appendix, p. 3385. See also Affidavit No. 7-A, appendix, p. 3388.

² Ibid.

Mr. FULTON. This is discussion of a joint participation by the contractors?

Mr. MANIER. This was discussion of keeping this contract in force, which we all wanted to do, and I am merely saying that I know of my own knowledge that everybody wanted to work this Cartwright thing through if they could.

Mr. FULTON. Do you know of any discussions with the Memphis Stone people?

Mr. MANIER. Not a one. I never had heard of Memphis Stone Co. at that time; didn't even know; they weren't in the picture as far as I was concerned at that time. It was only later on that I knew about that.

Mr. FULTON. Of course, the important question here was only where the Cartwright people were being prevented from furnishing that?

Mr. MANIER. This is going to cover this as fully as can be.

Mr. FULTON. As much as they could furnish; it wasn't a question of whether they might necessarily be able to furnish all, but a substantial part?

Mr. MANIER. I will go right along with it.

Mr. FULTON. Of course, you will take up the question of inspections.

Mr. KINGSLEY FERGUSON. There is another question there, too, Mr. Fulton, a question of unnecessary and additional expense to the Government by reason of Cartwright's failure to deliver; for this reason, at the time we moved in on this project it was, of course, in January and winters down in Tennessee are wet and boggy. The roads were inadequate and consequently unless that chert was delivered you were liable to be put in a position of other ordnance plants who were struggling along, and during that particular period bogging down in the mud; and unless you had been in the construction business I doubt whether you can appreciate the tremendous cost to the job of that condition, and consequently in reality during that period and during the coming period of this winter the additional cost of that chert, that is paying the high bidder a premium for his chert, was going to be insignificant alongside the added cost to the Government if that job bogs down in the mud.

Every time it rains you have to move your whole equipment back over roads already completed, you have to reblade them; sometimes you have to wait weeks and weeks during the winter to let them dry out to the point where you can get over them again. The overhead on a project of this kind will probably average around \$100,000 a month. If you can get that chert in there fast enough, and if we could have gotten it in there fast enough to have gotten metal on those roads, and if we could do it yet before this winter sets in on us, the Government is going to be in a position of having saved many times the additional premium of even 37½ cents a yard.

Mr. MANIER (reading):¹

After this was done—

That is, after 10 days or 2 weeks—

it developed that Mr. Cartwright could not meet his promises to us of delivery of large quantities in 10 to 12 days, because he had underestimated the length of time to install proper equipment. He was therefore given a consideration of

¹ See Affidavit No. 7, appendix, p. 3385. See also Affidavit No. 7-A, appendix, p. 3388.

30 days' grace period in which to properly equip his plant and meet the terms of his contract.

However, in order that the defense project be built, it was necessary to have chert, and we were forced to buy the same on the next lowest bid, or that of the Memphis Stone & Gravel Co., at \$2 per yard, during the period in which we were trying to get Cartwright to comply with his contract, and he was informed that we were buying the chert elsewhere. During the time when the Cartwright Construction Co. was not meeting their contract, the roads had been graded, but because of the spongy condition of the soil and the recurring rains, the construction work was bogging down in the mud. This created a terrific expense to the Government, which would have far exceeded the additional cost of the \$2 chert from the Memphis Stone & Gravel Co. had the conditions been allowed to continue.

On April 18, 1941, the Cartwright Construction Co. requested the Ferguson-Oman Co. to assign his account to the Union Planters National Bank in Memphis, which request, upon consulting with our attorney, we were advised not to permit. This indicated that Mr. Cartwright was in further financial difficulties.

I suspect that was my advice. I don't remember the sequence of this as far as dates are concerned because I made no charge for the advice I gave in this thing. I didn't make it an element of my charge and kept no records on it and so I can't be sure of when I was talked to about it, but I was at various times, and I knew then, as you know other things in the sense of personal knowledge, of his financial difficulties, because I knew that the owner of the pit, the chert pit, was having checks bounced back on him, and the drivers were having checks bouncing back on them at the plant, and that was the point of my advice.

The CHAIRMAN. Why wouldn't it have been better for the contractor to take over this chert pit and handle it himself?

Mr. MANIER. It required a whole lot of equipment, as I will show you, which I knew nothing about at the time, but it is very considerable investment to produce that character of chert, and it is in affidavit form here.¹

On May 9, 1941, the Cartwright Construction Co. resumed deliveries and delivered approximately 156 yards.

You see, there had been no cancelation of the contract. They were trying to get Cartwright to deliver for the two reasons mentioned in this affidavit, that they didn't want to be unfair to Cartwright, and that they did want to buy the chert at \$1.63, and also for the additional reason that Mrs. Cartwright apparently was a very charming lady who got everybody on her side. I don't think there is any doubt about that.

The CHAIRMAN. She made a good witness before this committee, I will say.

Mr. MANIER. Yes.²

On May 9, 1941, the Cartwright Construction Co. resumed deliveries and delivered approximately 156 yards—

not thousands, just 156 yards.

In the meanwhile, the Memphis Stone & Grave Co. had been delivering up to 3,500 yards per day. In the period from March 31, 1941, through June 10, 1941, on only 1 day, June 5, did Cartwright Construction Co. exceed the 2,000-yard requirement.

¹ See Affidavit No. 7, appendix, p. 3385. See also Affidavit No. 7-A, appendix, p. 3388.

² Ibid.

On June 18, 1941, a conference was held between Lieutenant Olsen, of the United States Ordnance Department, and Mr. Cartwright and, as a result, Lieutenant Olsen addressed a letter requesting that we give Cartwright Construction Co. one more chance on the following Monday morning, but stated that the wisest thing to do would be to terminate the contract and obtain materials from a dependable company.

At some time during this period a conference was held in the office of the constructing quartermaster, attended by Lieutenant Bruce, Captain Kibler, and Lieutenant Nickelsen, all of the constructing quartermaster's office, Mr. Flowers, Mr. A. K. Ferguson, Mr. W. H. Faulk, Mr. Jack French, Mr. R. W. Kirby, and Mr. Cartwright. At this time the reasons for the necessity of canceling the order were very clearly stated.

On June 23, 1941, Cartwright Construction Co. was written another letter giving them still another chance to fulfill the contract. On June 5, 1941, Mr. Jack French, chief inspector, advised that the samples of much of the material were still not meeting the specifications, as he had advised on repeated occasions before that time.

The Ferguson-Oman Co. received certain information that the Cartwright Construction Co.'s checks were being returned by the bank marked insufficient funds.

And that was important because all of the hauling was being done by drivers who own their own trucks and were looking for their payments. That was a big part of the difficulty.¹

On July 3, 1941, the project manager, Mr. C. G. Atkin, instructed Mr. Flowers, the assistant purchasing agent of Ferguson-Oman Co., to cancel the contract order for their many and repeated failures to meet the delivery requirements, specifications, and terms of their contract. Cancellation of the order was approved by Capt. Charles W. Carlton, acting constructing quartermaster, and notice was properly given.

On July 11, 1941, the order was reinstated by Captain Kibler of the constructing quartermaster's office, who instructed Mr. Flowers to take the original cancellation to their office, removing it from our files and turning it over to them, including copies of Mr. Flowers' letter of July 3 to Cartwright Construction Co., giving notice of cancellation. Mr. Flowers, the assistant purchasing agent, called on Mr. Atkin, the project manager, and secured from him a written directive and authorization to comply with these instructions.

On July 23, 1941, we advertised for bids on base materials for the Milan ordnance depot and sent requests to 12 furnishers of material. We received only 4 bids, which were submitted to the constructing quartermaster without recommendation. We were therefore instructed by the constructing quartermaster to issue a purchase order in accordance with Cartwright Construction Co.'s bid of \$1.63 per cubic yard—

he was again at that same figure—

provided Cartwright Construction Co. could comply with the requirements for performance and payment bond as requested in our Invitation to Bid. We were further instructed not to issue purchase order until a written directive was received from the constructing quartermaster authorizing its issuance.

It happens I again got into that question because I was informed about the bond. They thought he was not going to be able to make it, but he did make it, and made it in a form that I didn't think would add much to the situation. (You asked me to mention clients.) Incidentally, he made it with a surety company which I often represent in Nashville, the American Surety Co.; they made it as an agency matter.

Mr. FULTON. And they made it without consulting you?

Mr. MANIER. Absolutely; I knew nothing about it. Before I saw the bond, it was a matter of jest because I said it would put me in an awkward position now if they had to sue on the bond.

¹ See Affidavit No. 7, appendix, p. 3385. See also Affidavit No. 7-A, appendix, p. 3388.

The CHAIRMAN. You would have to represent both of them?

Mr. MANIER. No; I would have to represent Ferguson-Oman, regardless.¹

On August 4, 1941, the constructing quartermaster's office was notified, following verbal repetitions, that the situation with reference to chert was extremely serious because approximately 30 miles of roadbed had been graded and opened, ready for chert, and because of serious rain, regrading and redressing would be required, costing many thousands of dollars putting them back in shape to receive the chert. As a result of this letter, we were authorized to purchase additional quantities of chert from the Memphis Stone & Gravel Co.

About this time, Mr. Cartwright, with his attorney, called on the Ferguson-Oman Co. and conferred with Mr. Atkin and Mr. A. K. Ferguson,

and I am sure it was about that time, too, that John Gray sent his brother, Elliott, up to talk to me and I really intervened on their behalf; I mean, I put Gray in touch with Mr. John Oman, Jr., and tried to do what I could for them.²

The subject of specified material was discussed and Mr. Atkin and Mr. Ferguson recommended to Mr. Cartwright that he retain a recognized engineering laboratory to make test of his chert before it left his plant to avoid the expense of so many rejected loads because of failure to meet the specifications.

Sometime later, Mr. Cartwright came to the Ferguson-Oman Co. office with a laboratory report from the Barrow-Agee Laboratories in Memphis to the effect that the materials had met the specifications. These reports did not agree with our reports issued by the Mississippi Testing Laboratories, who had been retained for the purpose of making tests. Mr. Cartwright had taken samples from loads of chert which we had rejected and submitted them to the Barrow-Agee Laboratories.

As a matter of fact, according to Captain Kibler, you remember he testified he had taken them.³

The materials he sent met the specifications. It is absolutely essential, however, that a representative of the laboratory, in making tests of such materials, obtain representative samples, and since the representative of the laboratory had not obtained these samples, the report was meaningless.

It will later appear in affidavits here that any test under laboratory conditions requires a representative of the laboratory to select the samples that are tested, and that anybody could go into any rejected load and pick out samples that would pass almost any test, and it doesn't mean anything—I am saying this because it is in the affidavits here and it may save my reading them—unless the representative of the laboratory selected the samples that were tested:⁴

In the meantime, the construction quartermaster notified Ferguson-Oman Co. to notify the Memphis Stone & Gravel Co. to cease shipments, but, thereafter, the constructing quartermaster granted authority to resume shipments from the Memphis Stone & Gravel Co. for the Milan ordnance depot, these materials being vital to the construction of the project.

Shipments from both companies continued until their 95,000 yards had been secured from Memphis Stone & Gravel Co. and more than 40,000 yards from Cartwright Construction Co.

Actually, as a matter of fact—and this has come to my personal attention because I was advised about this bond proposition—they required all the chert they could get due to the failure of Cartwright to deliver, and they had to keep getting it. We did write a letter

¹ See Affidavit No. 7, appendix, p. 3385. See also Affidavit No. 7-A, appendix, p. 3388.

² Ibid.

³ Ibid.

⁴ Ibid.

notifying the bonding company, but about the only way we could hold the bonding company was to declare the contract breached, as you know, Mr. Fulton, and buy it on the open market and try to hold the bonding company for the difference.

Mr. FULTON. And you would then have been subject to the defense of inspection difficulties and other charges of the type Captain Kibler mentioned, which if true would have been a defense on the bond.

Mr. MANIER. But would mainly have resulted in our losing whatever chert Mr. Cartwright was delivering because we wanted all of that. We were prodding him every day to make it, and it was on that basis that I advised them I didn't think that was worth doing, they had better get what they could, because every load they got was at \$1.63 as against \$2, rather than hold the bonding company which I knew from representation of this and many other companies would rely on every defense they could, and I didn't want to get into that question. But incidentally, these forms of bonds didn't seem to me to well cover the subject, to tell you the truth. So I advised them to continue to take all they could get from Cartwright and not declare cancelation and hope they might recover the difference, and they did.¹

With the advent of bad weather, it was important that the additional requirements be delivered at a rate of not less than 3,000 yards per day by the two available sources.

In the meantime, there was a strike of the drivers of both the Memphis Stone & Gravel Co. and Cartwright Construction Co., demanding 15 cents per yard increase for raw materials hauled.

Both companies, as I think it appears in the record, had trouble with the drivers who bought their trucks and did the hauling, which was a big part of it.

That is the background of the story from our standpoint, plus this record showing the actual Cartwright deliveries day by day.

Mr. OMAN. I would like to interject in there that this haul was from 40 to 50 miles each way, or 90 or 100 miles round trip, on this chert, which is quite a long way to haul material.

The CHAIRMAN. It is quite a long haul. I drove over it.

QUALITY OF ROAD CONSTRUCTION

Mr. MANIER. I don't want to encumber the record by reading them, but we have affidavits from everybody connected with the Mississippi Testing Laboratory—Mr. V. D. Skipper and James I. Bush.²

The CHAIRMAN. Mr. Manier, tell me who is the Mississippi Testing Laboratory? Who are its personnel?

Mr. MANIER. It is one of these affiants, and it is Mr. Bush.

Mr. KINGSLEY FERGUSON. It is a licensed testing laboratory.

The CHAIRMAN. Who owns and controls it?

Mr. MANIER. The individual proprietor, and I will tell you his name after I glance at the affidavit.

The CHAIRMAN. Is that a Tennessee corporation?

¹ See Affidavit No. 7, appendix, p. 3385. See also Affidavit No. 7-A, appendix, p. 3388.

² See Affidavits Nos. 28 and 29, appendix, pp. 3435, 3437. See also Affidavits Nos. 6-A, p. 3376; 9-A, p. 3406; 9-B, p. 3406; Memorandum No. 9-C, p. 3413; Memorandum No. 24-A, p. 3422; Affidavit No. 24-B, p. 3429.

Mr. MANIER. No, sir; it is an individual proprietor who does business under that name, and that is in those affidavits, but I don't recall which one it was.

The CHAIRMAN. That is all right, we will get it out of the affidavit.

Mr. MANIER. It is in the affidavit showing who he is, and he owns it individually, and, incidentally, he was selected on competitive bids among licensed laboratories.

The CHAIRMAN. That is what I wanted to get at principally.

Mr. MANIER. I know that fact, and I think it is in the affidavit.

The CHAIRMAN. We won't waste time looking it up. That is the information I want.

Mr. MANIER. That is a fact. Then everybody connected with the Mississippi Testing Laboratory testified to their entire disinterest in anything except determining whether the material met the specifications, and set up what I just pointed out, that a test made by Barrow-Agee, or anybody else, unless they collected the material, or their representative collected it, didn't mean a thing; and all the tests they made were honestly and fairly and effectively made; and there is probably a good deal more stuff in there bearing on this general situation which will be covered in other affidavits, too, because there are a lot of them.

Then we have a series of affidavits undertaking to meet the insinuation in the record that our inspectors were arbitrary with the Cartwright Co. and that we rejected it improperly, and so forth, and meeting the insinuations in some affidavits, the affiants of which are unknown to us. You remember, Mr. Fulton, you filed a bunch of affidavits without mentioning the names in the record, so we don't know whom they were by.

Mr. FULTON. They were primarily by Captain Kibler, and not insinuations but charges under oath that he personally had seen loads that should not have been rejected.

Mr. MANIER. Yes; he did say from personal observation.

Mr. FULTON. Yes; he said he looked at the chert and could see no reason for rejecting it.

Mr. KINGSLEY FERGUSON. I have seen several hundred thousand yards of this chert since I have been down in Tennessee, and I come from the same part of the country that Captain Kibler does, and I frankly do not know by observation whether one of those loads of chert meets specification or not.

Mr. FULTON. I don't quite know what your specifications are. What is chert? It is nothing but a mixture——

Mr. KINGSLEY FERGUSON (interposing). Let me describe it to you. The chert comes in, there are some big lumps about that size [demonstrating]; there shouldn't be any much bigger than that, and then a gradation of lumps on down to the very finest portion; then in order to keep that from rolling around on the road, you have to have a lot of fine stuff in there to bind it down to the road so the traffic won't rut it up.

Mr. FULTON. That is what I thought. It is simply a matter of fineness of the material, is it not, that you are concerned with, and the question of extraneous matter in it?

Mr. KINGSLEY FERGUSON. No. It is a specification. You have to have certain proportions of the large, graded on down to the so-called

finer, and then, in addition to that, you have to have a certain amount of loamy stuff.

The CHAIRMAN. It is a mixture of clay and gravel, isn't it?

Mr. KINGSLEY FERGUSON. Yes; it is a very low-grade gravel and in order to get it stabilized—

The CHAIRMAN (interposing). It is a sort of roughened gravel mixed with clay which, when properly handled, will make a fair base for a black-top road.

Mr. KINGSLEY FERGUSON. And Captain Kibler and I were working very closely together on this problem at that time and we were of a little difference of opinion on the thing. It is purely a matter of opinion, but he agreed with me that from observation he couldn't tell whether one met specification or the other did, and we were both willing to leave that up to the laboratory because on personal observation it was literally impossible to tell.

The CHAIRMAN. Is there available in that part of Tennessee gravel and crushed stone?

Mr. KINGSLEY FERGUSON. Yes; but at a much higher price. Another interesting thing about the chert, when Mr. Cartwright was in our office and complaining about the rejections of chert, Mr. Atkin suggested that he call in this disinterested laboratory, and so right then and there I telephoned Nashville and got hold of, I think it was Mr. Barrow, of the Barrow-Agee Laboratories, and asked him if he didn't have a man whom he could assign on a monthly fee to Mr. Cartwright's pit because we were as much interested in getting this confusion out of the picture as they were; and he told me that the only man he had in the State who knew chert was the manager of his Nashville office, and that he couldn't spare him because he had other duties besides that and naturally he couldn't let him go down there.

I therefore asked him for suggestions as to who else in the State might be expert in the matter of chert, and he told me that he didn't think there was anybody else there and he could not give me any suggestions.

The CHAIRMAN. Is the supply of this chert very limited?

Mr. KINGSLEY FERGUSON. Yes. It is all over around Camden and every pit is under lease or ownership to some individual.

The CHAIRMAN. I was talking to a stone and gravel company up at Paducah, Ky., the owner of which told me he had made some bids to your organization on the delivery of stone and gravel at a price that would compare favorably with this chert price. Do you remember anything about that?

Mr. OMAN. That price was by the ton, delivered f. o. b. cars, and you have to add 25 percent to the ton price to get the yard price, and with the high price of labor that we were using, it was just prohibitive to try to use the stone or gravel or slag. We wanted to change over, because this thing has been a headache to us from the beginning.

The CHAIRMAN. I should think it would be.

Mr. OMAN. It certainly has.

The CHAIRMAN. Proceed, Mr. Manier.

Mr. MANIER. I have here affidavits of James I. Bush, L. L. Dempsey—two of Dempsey's, maybe three—and a rather long one of Martin

Gibson.¹ They are inspectors. They state they have never been arbitrary at all, and this difficulty developed from the standpoint of the contractor. These loads were being hauled by truckmen who own their own trucks and got an appreciable part of this cost, and a lot of these fellows, when they would have a truck rejected, would drive down the road and come back and get it rejected a second time. I am talking about the Cartwright drivers. These affidavits are also to the effect that there was never a single rejection made except on the test of the Mississippi Testing Laboratory.

Mr. FULTON. Do they give an explanation of that charge that Captain Kibler made that after the quartermaster's inspector had been withdrawn during a day in which practically no rejections had taken place, that there were a lot of rejections by your inspectors?

Mr. MANIER. Only in this respect—

Mr. KINGSLEY FERGUSON (interposing). I might answer that. That is perfectly possible and might occur.

Mr. FULTON. In other words, there were—

Mr. KINGSLEY FERGUSON. Just a minute. Because during the operation of the pit the shovel is constantly moving from one part to another and it frequently becomes necessary to open up a new portion of that pit. Now, one of the things that you will find in these affidavits is that Cartwright, instead of stripping the top soil which is undesirable material, back so that they could expose the chert itself and get pure material, frequently blasted this stuff on down into the pit, top soil and all, and then they begin digging from that particular portion, and the top soil and everything would go in and a whole series of loads would come in with that material and consequently will be rejected.

Mr. FULTON. And that is the explanation that is given in these affidavits?

Mr. KINGSLEY FERGUSON. I don't know that that is the explanation for that particular instance, but that happens.

Mr. FULTON. Is there any explanation in the affidavit of that specific instance?

Mr. MANIER. I don't think so.

Mr. FULTON. You remember Captain Kibler told us he was much surprised that as long as the Government inspector was there, there were relatively few rejections, but when the Government inspector went home, there were a lot. That could have been, as you say, by running into a seam of bad material.

Mr. KINGSLEY FERGUSON. That is right.

Mr. FULTON. But do these affidavits take up that question of bad material?

Mr. MANIER. Perhaps I should really at this point make some explanation about these affidavits because it will answer a lot of questions you have in mind. You will remember we adjourned in Memphis on—was it Wednesday?

The CHAIRMAN. Tuesday evening.

Mr. MANIER. And I returned to my office and spent the day there Wednesday and then went down to Milan on Thursday and took every-

¹ See Affidavits Nos. 27, 28, and 29, appendix, pp. 3434, 3435, and 3437. See also, Affidavits Nos. 6-A, p. 3376; 9-A, p. 3406; 9-B, p. 3406; Memorandum 9-C, p. 3413; Memorandum 24-A, p. 3422; and Affidavit No. 24-B, p. 3429.

body available in my office of the younger men, four or five of them, to prepare these affidavits. We did not have access to the actual record of that thing until the following Saturday and I came on up here Sunday, and these affidavits have been prepared from our notes of what was testified to, from the newspaper reports, and some of them after they got the record, from the record, so they didn't always, in taking these affidavits, know exactly the point they were to meet.

You can imagine what a task it was to prepare as many as we have here in the way we have had to do it. We even have coming here this morning by air mail affidavits on some of the testimony that happened day before yesterday up here, but it was by telephone conversation and recollection of the record. So the fact that one of these affidavits is not fully responsive to the exact testimony doesn't mean that it couldn't have been if they had known what the exact testimony was. I think that really should be in the record because they have been prepared under great stress, and the time limit in preparing them is practically as the reporter gets out the transcript daily.

The CHAIRMAN. We appreciate that.

Mr. MANIER. There is also the testimony of the effort of Cartwright to try to bribe these inspectors. One of them is a rather amusing affidavit. It says:¹

While I was there, Mr. Cartwright, the owner of the Cartwright Construction Co. approached me and discussed the inspection of the material and told me that if I would give him a break and not reject so much of his material, that he had plenty of whisky and a mighty nice little girl at the hotel at Camden for me.

This is the amusing part:

To this I replied that I had my own social connections and all the whisky I wanted.

That is L. L. Dempsey.

CHERT CONTRACTS

Mr. MANIER. There is the affidavit of R. W. Kirby:²

Some time during the summer of 1941 I was asked to attend a meeting by my superior, Mr. W. H. Faulk. Present at this meeting were the following: Mrs. Cartwright, who was manager of the Cartwright Construction Co., which was delivering chert to the Wolf Creek ordnance plant and Milan ordnance depot; Captain Kilber; Mr. W. H. Faulk; Lieutenant Bruce; and several others. At this meeting I was accused, either directly or inferentially, by Mrs. Cartwright—who had in her possession several affidavits, the contents of which were not known to me, with the exception of one which I read—of interfering with the drivers of her trucks delivering chert to the above-named projects. The interference complained of was my use of abusive language to truck drivers of the Cartwright Construction Co. and my insistence upon them hauling for Memphis Stone & Gravel Co.

I never at any time interfered with the drivers of the trucks of the Cartwright Construction Co. delivering chert to the Wolf Creek ordnance plant and the Milan ordnance depot. I did not abuse them nor did I suggest to these drivers to haul for any other concern. I can truthfully say that I never as much as engaged in any conversation with either the truck drivers of the Cartwright Construction Co. or the Memphis Stone & Gravel Co. I was not acquainted with any of them, and had no cause or reason to engage in a conversation with them.

The CHAIRMAN. Who was the signer of that affidavit?

¹ See Affidavit No. 30, appendix, p. 3442. See also Affidavit No. 30-A, appendix, p. 3443.

² See Affidavit No. 26, appendix, p. 3433. See also Exhibits 2, 4, 7, 9, 11, 12, and 13 attached to Affidavit No. 9-B, appendix, pp. 3408, 3410-3412.

Mr. MANIER. That was R. W. Kirby, and I think there are some other affidavits. In connection with the explanation I made, too, that is another reason why I am not quite as familiar with these affidavits as I would like to be, because some of them came in by air mail this morning. They have been coming in, and only by the hardest effort have I been able to familiarize myself with them at all.

The CHAIRMAN. Of course, you can file all these affidavits.

Mr. MANIER. I want to. I am filing them all.

The CHAIRMAN. We have no objection to your filing as many as you like.

Mr. MANIER. You will remember, too, in the record that there was testimony by Captain Kibler that in his opinion there was a kick-back in this record. He made that before the House investigating committee without saying there that it was hearsay, but that he believed it was just an insinuation or charge.

Mr. FULTON. It was not the statement made before the House committee that we were interested in, but the one he made under oath to us that an employee of the contractor, John Lord, had told him.

Mr. MANIER. I was leading up to that, because I have John Lord's affidavit here in which he answers the statement that it was he, John Lord, who had said there was a kick-back. I am leaving out the formal part of the affidavit.

Mr. FULTON. There is an affidavit of John Lord?

Mr. MANIER. Of John Lord; yes.¹

I knew Capt. George Kibler, who was an executive officer for the constructing quartermaster at these plants. I have seen an awful lot of him, in fact he has been my guest on several occasions. I also felt close enough to him to kid him about most anything.

I had absolutely nothing to do with the chert contracts on the job. One of the chert contractors was the Cartwright Construction Co., and Mrs. J. M. Cartwright acted as manager for Cartwright Construction Co. Mrs. Cartwright is a right attractive lady, and Captain Kibler seemed to take a great liking to her. It was common gossip all over the construction job about Captain Kibler's attentions to her and whenever Mrs. Cartwright was around the administration building it was noticed by me and the others that Captain Kibler was always with her and would get her off in the corner and talk to her both in his office and in the hallways. I kept kidding Captain Kibler about Mrs. Cartwright.

I understand that Captain Kibler at the Senate hearing in Memphis on November 17, 1941, testified that at one time when bids were readvertised for surfacing material for Milan ordnance depot that I told him something about the Memphis Stone Co. making a bid for chert. I couldn't have done this and could not have given the figures to which he testified, "namely \$1.75 to meet specifications and \$1.55 to be what they call pit run * * *"

That is quoted from the testimony—

for I didn't know and do not now know anything about any such bid.

I further understand that Captain Kibler testified on that same day to the effect that I made a statement to him—

and this is quoted from the record—

he told me—

that means Lord told Kibler, as he testified—

that I had been informed by a party, whom he—

¹ See Affidavit No. 6, appendix, p. 3375. See also Affidavit No. 6-A, appendix, p. 3376.

again "he" is Lord—

considered reliable that the difference in cost represented a portion of a kick-back which has been made. I know that I did not make any such statement to him or anyone else relative to any chert contracts, for I had nothing to do with the chert contracts and I know that no one has gotten any kick-back or anything else improper on any contract from Ferguson-Oman Co. Every contract that has been let has been let and only let with the approval of the constructing quartermaster, and there would be no way for there to be any kick-back or anything even suspicious with any of these contracts.

In fairness to Captain Kibler, I may have kidded him about Mrs. Cartwright, and may have said something to him about he had better be careful or someone would be suspecting things about him in connection with Mrs. Cartwright's contracts, which were approved by the constructing quartermaster, of which he was a staff member. If I used the word kick-back in talking to him, it was to say that he might get a kick-back from his relations with Mrs. Cartwright.

Mr. FULTON. Is that the end of the affidavit?

Mr. MANIER. No. Shall I read the rest of it?

Mr. FULTON. Not particularly, unless there is something you are relying on; but I wanted to ask a few questions when you are through reading.

Mr. MANIER (continuing):¹

I further understand that Captain Kibler testified at the Senate hearing in Memphis on November 17, 1941, that I was engaged to marry into the family of Mr. Marshall Priest, of Huntingdon, Tenn. This statement is absolutely untrue and I don't think in fairness to the lady referred to that this reference should have been made, as my acquaintance with her had absolutely no bearing on the purchase of chert.

At my expense and at the request of the Senate investigating committee, I attended the hearing at Memphis on November 18, 1941, but after appearing the committee did not call me as a witness. I was there at the committee's invitation and wanted to clear the record of these unwarranted insinuations and testimony.

That is the full affidavit.

RECORD OF WITNESSES' AFFIANT

Mr. FULTON. Who was Mr. John Lord? Was he an employee of the contractor?

Mr. MANIER. He was, as I understand it, an assistant purchasing agent.

Mr. FULTON. Who employed him? Mr. Ferguson, did you employ him?

Mr. KINGSLEY FERGUSON. No; Mr. O. E. Miller did.

Mr. FULTON. That is this Mr. Miller who was relieved as personnel manager?

Mr. KINGSLEY FERGUSON. Mr. Miller whom we terminated and sent to the Cleveland office because of reduction in force.

Mr. FULTON. Not at the request of Major Hofto?

Mr. KINGSLEY FERGUSON. No, sir; not at the request of Major Hofto.

Mr. FULTON. Did he testify falsely on that?

Mr. KINGSLEY FERGUSON. The situation was this: Mr. Miller's job of hiring was done. Our job from that point on was to reduce the force rather than increase it. We reached the peak of our employment and have continuously reduced it since he left.

The CHAIRMAN. Who recommended Miller to your company?

Mr. KINGSLEY FERGUSON. I don't know, sir.

¹ Affidavit No. 6, appendix, p. 3375. See also Affidavit No. 6-A, appendix, p. 3376.

The CHAIRMAN. He came from Blanding, didn't he?

Mr. KINGSLEY FERGUSON. Yes, sir; many men came from Blanding.

The CHAIRMAN. We made an investigation of Blanding and we found conditions down there that were pretty bad.

Mr. KINGSLEY FERGUSON. You can't tar all of the men who were employed down there with the same stick, sir.

Mr. FULTON. At any rate, Mr. Ferguson, it was Mr. Miller, your personnel officer, who hired this Mr. Lord who has made this affidavit about Captain Kibler, an executive officer of the quartermaster?

Mr. KINGSLEY FERGUSON. That is right.

Mr. FULTON. And who has brought in these questions with respect to conduct, without charging it, relating to Mrs. Cartwright. Now, we asked the attorney general's office of this same county in Tennessee about Mr. John Lord, to find out what kind of a man he was.

The CHAIRMAN. And we got this telegram from the district attorney:

John Lord has been indicted three times in Carroll County, Tenn., twice for obtaining money under false pretense, one for fraudulent breach of trust; two of the cases were nolle on cost with defendant returning the money obtained; one case now pending.

(The telegram referred to was marked "Exhibit No. 216" and is included in the appendix on p. 3365.)

Mr. FULTON. Is that the first time you knew the criminal record of this assistant purchasing agent, John Lord?

Mr. KINGSLEY FERGUSON. No, sir; it is not. Mr. Williamson, who is editor of the Huntingdon County Democrat and lives in the same town as Mr. John Lord, came to me, I believe, within the first 2 months of the project. He told me that Mr. Lord owed some money in that town which he had not paid; if my memory serves me correctly, it was on a refrigerator. I personally checked the thing with Mr. Lord, asked him about it, and determined on that one specific instance that he had missed a payment, and, as I understand it, he has since cleaned that up, because I have had no further complaints.

Mr. FULTON. Missing the payment is hardly the subject of a criminal indictment for fraudulently obtaining money under false pretenses.

Mr. KINGSLEY FERGUSON. Just a minute. Let me make one other statement relative to Mr. Lord.

Mr. FULTON. There are three indictments, you see.

Mr. KINGSLEY FERGUSON. I don't know anything about the indictments, sir. I told you all I know.

Mr. FULTON. The district attorney knows, I assume.

Mr. MANIER. Who is the district attorney?

Mr. FULTON. L. L. Harrell, district attorney of Carroll County, Tenn., which is one of the counties the project is located in.

Mr. KINGSLEY FERGUSON. There is one other thing about Mr. Lord that I would like to point out. At the early stages of this project, the pressure on our purchasing department from salesmen was more terrific than anyone in this room can realize. They were calling me continuously as late as 3 o'clock in the morning for a period of 3 months.

The CHAIRMAN. You ought to be a United States Senator; you would have some experience with that.

Mr. KINGSLEY FERGUSON. Maybe that is true, sir.

I think it was about 3 or 4 months ago that Mr. Lord came into my office one morning and said to me, "Somebody has tried to bribe me." I asked him to give me the facts and he told me that on an order for grass seed which was being let on competitive bids, a salesman for one of the seed companies had approached him before he left for the plant and offered him a \$20 bill. I believe it was, if he could see his way clear to give him this order. Mr. Lord protested, whereupon the salesman tucked the \$20 bill in his pocket and ran off to his car.

He drove to the plant, came in and reported this to me and asked me what he should do. I told him that he should return that money by registered mail to the individual involved, retain the receipts and photostat them, and provide those photostats to the constructing quartermaster. Those photostats are now on record in the constructing quartermaster's office and have been since that incident.

In view of that fact, and the fact that he would voluntarily do that, I have great confidence in Mr. Lord and his integrity, and this is the first indication that I have had that there was anything wrong with his record prior to his employment with us.

Mr. FULTON. Didn't you say a few minutes ago you knew he had been indicted?

Mr. KINGSLEY FERGUSON. On that one occasion.

Mr. FULTON. There are two occasions; three occasions.

Mr. KINGSLEY FERGUSON. There is only one occasion that I knew he had been indicted.

Mr. FULTON. Do you know what an indictment is, that it is a criminal charge? Did you think it was a civil charge?

Mr. KINGSLEY FERGUSON. He didn't tell me he had been indicted. the editor of the Huntingdon County Democrat told me he owed some money in the town of Huntingdon, and I owe money in Jackson right now.

Mr. FULTON. But there is a difference between owing money and being the subject of a criminal prosecution for fraudulently obtaining it.

Mr. KINGSLEY FERGUSON. I did not know he had been indicted, and I do not believe anybody else on the project does.

Mr. FULTON. They do, because they sent us this information. Other people on the project happened to know about it.

Mr. KINGSLEY FERGUSON. I thought that was from the United States attorney.

Mr. FULTON. Oh, yes; we verified it from the district attorney's office, but this is Carroll County.

The CHAIRMAN. I don't think this is the United States district attorney. This is the district attorney of the State of Tennessee.

Mr. FULTON. With respect to that third indictment of fraudulent breach of trust, you have heard nothing of that?

Mr. KINGSLEY FERGUSON. No, sir.

Mr. FULTON. At the time you submitted this affidavit for Mr. Lord's signature, particularly the matter in it casting aspersions on the character of Mrs. Cartwright—

Mr. KINGSLEY FERGUSON (interposing). They were not casting aspersions on the character of Mrs. Cartwright.

Mr. FULTON. Who prepared that affidavit?

MR. KINGSLEY FERGUSON. John Lord prepared it.

MR. FULTON. And was that dictated by him?

MR. KINGSLEY FERGUSON. I believe it was, sir, because Mr. Lord was very incensed by the testimony advanced by Captain Kibler, intimating that because of his relationship with Louise Priest Landon, whom he has known all his life because he has lived in that town, and whom he admires and likes, that that had something to do with the kick-back on the chert. He was very incensed by it.

MR. FULTON. Was that affidavit dictated in your presence?

MR. MANIER. No, sir; it was done after I came up here.

MR. FULTON. Did you know Mr. Lord had this criminal record in Carroll County?

MR. MANIER. No, sir; I did not. It doesn't really mean anything to me now unless I knew something about the facts, because that is just an indictment.

MR. FULTON. There are two indictments which he has refunded the money on and paid criminal costs.

MR. MANIER. I don't know that that follows on the telegram.

MR. FULTON. Doesn't it? The telegram says, and I will quote it exactly [reading from Exhibit No. 216]:

John Lord has been indicted three times in Carroll County, Tenn. Twice for obtaining money under false pretense; one for fraudulent breach of trust. Two of the cases were nolleed on cost with defendant returning the money obtained.

Doesn't that to you as a lawyer mean that he paid criminal costs and that he returned money after an indictment had charged him?

MR. MANIER. May I answer the question? The chairman here in Memphis, you remember, was talking about another one of these attorneys general in Tennessee (that is what we call the district attorneys), and we had one who had written a good many letters of recommendation.

MR. FULTON. That isn't this attorney?

MR. MANIER. No; it is not the same man.

THE CHAIRMAN. His name was Morrow, I believe, and he lived at Milan, if I remember.

MR. MANIER. No; he lived in Jackson. I think it was.

MR. OMAN. His name was Murray.

MR. MANIER. The chairman remarked that he didn't know that attorneys general in Tennessee ran employment agencies.

THE CHAIRMAN. That was the Senator from Maine that made that statement, Senator Brewster.

MR. MANIER. But, unfortunately, sometimes the machinery of our courts, unfortunately, is used to mightily near make the attorney general a collecting agency, and I know of many cases where there has been a technical violation of some conditional sales statute where the property is sold in violation of the statute, where indictments are sought and obtained, and all that results from it is that the defendant comes up and pays the costs of the criminal proceedings and makes the payment that he is behind on.

Now, of course, I can't tell if that is what that telegram means, but I am inclined to suspect that is the situation, so I answer your question that until I had an opportunity to talk with the attorney general and

get at the facts in the case, I wouldn't know whether that was a reflection involving moral turpitude on the part of Lord or not.

Mr. FULTON. On Mr. Lord or the attorney general, you mean.

Mr. MANIER. The attorney general has probably used that inadvertently.

Mr. FULTON. How can he? An attorney general or any district attorney—I happen to have been a special assistant in that field myself—cannot present any matter for indictment without putting his own reputation in that case.

Mr. MANIER. Well, he should not, of course.

Mr. FULTON. You know if you question the district attorney's good faith in this—

Mr. MANIER (interposing). I am not questioning the district attorney. Unfortunately, these district attorneys don't always look into the other side of the question, any more than this committee, for example, found and looked into a great many of these rather frivolous charges from our standpoint.

The CHAIRMAN. But this committee is not through and this committee is going to examine every angle of this case from every point. That is the reason we are giving you an opportunity to make a record.

Mr. MANIER. I believe that sincerely and appreciate that opportunity.

Mr. FULTON. You are having full opportunity, are you not?

Mr. MANIER. We certainly are.

The CHAIRMAN. We will give you a full opportunity.

Mr. FULTON. With respect to Mr. Harrell, I want to make it distinctly clear, if you are suggesting Mr. Harrell, as district attorney, presented a charge to the grand jury accusing a man of obtaining money fraudulently or under false pretenses when he didn't know that to be the fact—

Mr. MANIER (interposing). I don't know a thing about it, and there is an unsworn telegram in this record. I don't know who sent it. I don't know the name of the man. I haven't heard that as yet.

The CHAIRMAN. His name is L. L. Harrell.

Mr. MANIER. Personally, I don't think that has relevancy to the matter under discussion. We have a lot of relevancy as to whether Lord had been engaged in an act that involved moral turpitude, but I don't think it necessarily follows from that telegram that that is the case.

Mr. FULTON. You mean you don't think it has any relevancy to this case to ascertain whether the contractor has hired with Government money, as an assistant purchasing agent, a man who has been indicted three times for falsely obtaining money, for fraudulently obtaining money under false pretenses?

Mr. MANIER. Was he convicted? I have known many men who were indicted who were never convicted.

The CHAIRMAN. He evidently made a confession. Two cases were nolleed on cost.

Mr. MANIER. That doesn't necessarily follow.

The CHAIRMAN. We are going to take a recess and give you a chance to look into the matter if you want to, because I have made arrangements for Senator Mead to preside over the committee on Monday

at 10:30, and we will proceed without any delay to let you finish this case.

I have an engagement at 4 o'clock which it is absolutely essential that I keep and I can't be here Monday, but I have made arrangements for the committee to meet with Senator Mead presiding.

Mr. FULTON. If you desire to make a charge against the district attorney, L. L. Harrell, I will appreciate your doing that on Monday morning.

Mr. MANIER. I have no interest in making a charge against the district attorney. Any effort to insinuate I have made charges against the district attorney is one of those baseless insinuations which if necessary I will answer with affidavits.

The CHAIRMAN. The committee will stand in recess until 10:30 on Monday.

(Whereupon, at 4 p. m., the committee adjourned until 10:30 a. m., Monday, December 1, 1941.)

INVESTIGATION OF NATIONAL DEFENSE PROGRAM

MONDAY, DECEMBER 1, 1941

UNITED STATES SENATE,
SPECIAL COMMITTEE TO INVESTIGATE
THE NATIONAL DEFENSE PROGRAM,
Washington, D. C.

The committee met at 10:40 a. m., pursuant to adjournment on Friday, November 28, 1941, in room 104-B, Senate Office Building, Senator James M. Mead, acting chairman, presiding.

Present: Senators James M. Mead (acting chairman), and Clyde L. Herring.

Present also: Hugh A. Fulton, chief counsel; Charles P. Clark, associate chief counsel.

Acting Chairman MEAD. The committee will please be in order. Mr. Manier, you are continuing your testimony this morning.

TESTIMONY OF WILL R. MANIER, JR., MANIER & CROUCH, NASHVILLE, TENN.

Mr. FULTON. Before starting on that, Mr. Manier, and with particular reference to your statement on Friday that you suspected that the District Attorney of Carroll County might have allowed criminal process under his jurisdiction to assist in collections, I wish to insert in the record a reply from the district attorney, who I understand is called Attorney General of Carroll County:

Am sending copy of indictments and orders in case of *State v. John Lord*. Self-explanatory. These indictments certainly were not returned to assist any collection.

(The telegram referred to was marked "Exhibit No. 217" and is included in the appendix on p. 3366.)

Mr. FULTON. In view of that, do you wish to have stricken from the record the statement you made?

Mr. MANIER. I make this statement; it is merely confirmatory of what I have previously said. I said that I knew nothing about the facts of it, and nowhere in my testimony did I intend, or properly could it be construed to mean, any reflection on the attorney general or on any attorney general in the State of Tennessee. It is unfortunately true at times, as with all courts, that sometimes matters which are civil matters have also a criminal angle, and sometimes where there are such matters the criminal end of it is pressed, and when the civil end is settled the case is nolle prossed. The attorney general, of course, has no option on the grand jury. If there has been an alleged violation of a criminal statute, even though it be a statute

that relates to a civil matter, and there is testimony offered to the violation of a criminal statute, he has no option except to bring an indictment, but that does unfortunately result, and it is one of the plagues and pains of the prosecuting attorneys, that they frequently find that the motive of the prosecutor is not to prosecute for the benefit of the State and for the purpose of obtaining a conviction, but to bring pressure to collect the civil debt.

Mr. FULTON. Are you making any such charge with respect to this particular district attorney?

Mr. MANIER. I am making no charge, and I specifically said I am making no charge, because I am not conversant with the fact.

Mr. FULTON. On what fact did you base the statement that "I am inclined to suspect that that is the situation," directly after you said that, "Unfortunately sometimes the machinery of our courts is used to make the attorney general a collecting agency"? On what facts did you base your statement that you were inclined to suspect that to be the situation?

Mr. MANIER. I stated yesterday I knew nothing about this case and had no facts about it. Whatever I had to suspect was as to the character of the indictments, and I now understand that I am not conversant with the facts yet.

Mr. FULTON. If you are not conversant with the facts, I don't wish you to make further incriminating—

Mr. MANIER (interposing). I wish to make direct answer to your question on what basis I did. While I am not yet conversant with the facts, my understanding of them, so far as I know, is that these were civil debts for merchandise that had been placed on consignment and which technically were disposed of and the proceeds not accounted for. I am not sure of this fact, whether or not the consignee Lord had received the money and failed to account for it or whether he had sold them on credit and not received it. And it is further my understanding that in these cases, when the civil debt was paid that in all three of them the creditor recommended the dropping of the criminal proceedings, and the nolle pros of the suits, and that on the recommendation of the attorney general, as is proper and usual, did not nolle pros these suits. That is my understanding.

Mr. FULTON. Then you understand that the attorney general was wrong in stating the third case was pending?

Mr. MANIER. Any effort to twist my testimony into a criticism, actual or implied, of this particular attorney general or of any other attorney general is not only contrary to the record, and certainly contrary to my intent in what I had to say, because I expressly said I did not know Mr. Harrell, I never heard his name until you told me his name, I knew nothing about the facts of these indictments. The whole thing began facetiously, and I want to get this in the record, too. You will remember that in the hearing at Memphis there were a good many letters introduced by one of the Tennessee attorneys general, letters recommending people for appointment to jobs at this place, and one of the Senators—I think Senator Brewster now; I thought it was Senator Truman—made the statement, "It looks like the attorneys general of Tennessee are used as an employment agency." Of course, the attorneys general have many constituents, and just like Congressmen and Senators, when these constituents come to them for recommendations for jobs—

Mr. FULTON (interposing). Mr. Manier, please consider what you are talking about, or refrain from making a speech.

Mr. MANIER. I am not making a speech.

Mr. FULTON. If you are making a charge against any Senator—

Mr. MANIER. Certainly I have none, and there is no basis to insinuate that I have in this record.

Mr. FULTON. Then leave their names out.

Mr. MANIER. I can't without discussing it. I am telling you the reason it was brought up. I referred to it, and Senator Truman smiled at it. I said, "Unfortunately sometimes attorneys general in Tennessee may have to act as employment agencies; sometimes inadvertently they are called upon to act as collecting agencies." That is just what I said in the record.

Mr. FULTON. That isn't exactly what you said.

Mr. MANIER. I can't repeat the exact words, but that is the purport of it, and certainly it is the intent of what I intended to say, and the remark was a facetious one and there is not a thing in there designed to reflect, intending to reflect, or actually reflecting, on any attorney general in Tennessee, or on the system. It is an unfortunate system that individual creditors who have civil debts that have a criminal angle by reason of the violation of a technical statute sometimes pursue the criminal angle with the motive that it will aid in the collection of the civil debt.

Mr. FULTON. You don't make that charge with respect to the attorney general?

Mr. MANIER. Of course not, and I said so specifically on Friday.

Mr. FULTON. And do you make the charge that the criminal process was misused in this case in any way?

Mr. MANIER. I don't know enough about it to make it, and I don't suppose it was, because the man—as you know as a lawyer, there are some matters that are both a civil liability and a criminal liability, and where that is true the State should proceed on the criminal liability and the individual creditors should proceed on the civil liability.

I do say this, and this is one of the unfortunate things in our administration of criminal justice, that sometimes the creditor who has a civil liability, with the motive of aiding the collection of a civil debt, does appear as prosecutor in a criminal matter, and as I understand it, that is the situation here, that three creditors who had civil debts also appeared as prosecutor on a criminal angle of the matter, and when the civil debts were paid, as I understand they were, then the creditor recommended that the criminal suit be nolle prossed, and one of them was nolle prossed and the costs paid, the other not nolle prossed and the costs paid, because of the question of costs. There was some controversy between the creditor and the man indicted, the debtor, Lord, as to who should pay the costs in the other, and the other was continued for that purpose.

Mr. FULTON. Then, I take it, you don't question the propriety of the grand jury's action, or the attorney general's?

Mr. MANIER. I certainly do not, and I said so yesterday, because if the matter is presented to the attorney general and to the grand jury on the testimony of the violation of the criminal angle of the thing, they have no option but to bring the indictment, and would be derelict in their duty if they did not, except this, and I am not questioning

the propriety. The attorneys general know well that they constantly have to watch those cases lest inadvertently the process of the court be used improperly, but they can't refuse to make the indictment and they can't question the motive of the prosecutor until the facts appear, of course. This is merely an elaboration of what I said Friday.

Mr. FULTON. You say an attorney general or a grand jury cannot question the motive of the prosecutor. You know very well they can and do, don't you, that they have to weigh the credibility?

Mr. MANIER. I am not a prosecutor, and know very little criminal law, and I don't know that really my opinion on that point has any relevancy to the matters under discussion here.

Mr. FULTON. You just stated your opinion on that point, and I think you know it isn't accurate, that a grand jury has a perfect right and a duty to weigh the motives of and the credibility of any witness.

Mr. MANIER. They have a perfect right to weigh the credibility of any witness.

Mr. FULTON. And a duty?

Mr. MANIER. And a duty. But where the testimony is *ex parte* the other side of the story generally comes up on the trial, if there ever be a trial of these cases, and the question of the motive doesn't come in the question of the grand jury for an indictment, as I understand it.

Mr. FULTON. Now, with respect to the affidavit of this man who was three times indicted, twice for fraudulently obtaining money under false pretenses, which you personally submitted to the committee the other day, I call your attention particularly to the innuendoes in there with respect to the personal reputation of a Tennessee lady and an Army officer, and I ask you whether now, knowing the criminal record of the affiant, you personally and on behalf of the contractors desire permission to withdraw from the record of this committee the statements that were made in that affidavit with respect to the personal relationship, or alleged relationship, of Mrs. Cartwright and Captain Kibler.

Mr. MANIER. There is in that affidavit as I read it no reflection on Mrs. Cartwright. The reflection as I see it is on Captain Kibler. It is an explanation of Captain Kibler's interest in this matter. I have never met the parties, either Captain Kibler or Mrs. Cartwright. Everybody who has ever spoken to me about Mrs. Cartwright has spoken of her in the highest possible terms, and there was certainly no intention on my part, or on the contractors', to reflect in any wise on Mrs. Cartwright. It was an effort to show the bias of Captain Kibler. I personally haven't the remotest doubt that Mrs. Cartwright is a lady of very estimable character. I equally have not the remotest doubt that she intrigued Captain Kibler's interest and thereby gave him a bias in this proceeding that led him to make the activities in this record that he should not have taken.

Mr. FULTON. Then, I take it, you wish on behalf of the contractor to have that affidavit continued in the record?

Mr. MANIER. The affidavit is already in the record.

Mr. FULTON. And the only question was, Do you wish to ask permission to withdraw it?

Mr. MANIER. No; I have not asked permission to withdraw it.

Mr. FULTON. I call your attention, Senator Mead and Senator Her-ring, to the language of that affidavit:¹

Mrs. Cartwright is a right attractive lady, and Captain Kibler seems to take a great liking to her. It was common gossip all over the construction job about Captain Kibler's attentions to her, and whenever Mrs. Cartwright was around the administration building it was noticed by me and others that Captain Kibler was always with her, and would get her off in the corner and talk to her, both in his office and in the hallways. I kept kidding Captain Kibler about Mrs. Cartwright. In fairness to Captain Kibler I may have kidded him about Mrs. Cartwright and may have said something to him about he had better be careful, or someone would be questioning him about orders which were approved by the construction quartermaster of which he was a staff member. If I used the work "kick-back" in talking to him, it was to say that he might get a kick-back from his relations with Mrs. Cartwright.

Mr. MANIER. I think that word "relations" should be "attentions," because that is what is intended, if you are drawing an insinuation. That was the point of the affidavit, the attentions he was making to her. I would like to withdraw "relations" if you are going to imply that that is an innuendo against Mrs. Cartwright, because no innuendo against Mrs. Cartwright was made or intended by the contractors, and I don't think the witness intended that, because it happens that, briefly, the witness in Memphis, as you remember, was summoned to Memphis to testify, and was there at your request. I had him come there to testify and I stayed there during the whole proceedings, and without undertaking to do more than just listen to him, he told me substantially what is recited in that affidavit, and in that conversation, and at all times, it has been our intention to do nothing that could by any remote chance be construed as a reflection on Mrs. Cartwright. I think any reflection on Mrs. Cartwright would be absolutely untrue. I want that to appear in the record, but I do think that the witness did pay an undue amount of attention to her, was intrigued with her, and became sufficiently interested in the fact that she was an attractive lady, and I don't even reflect on the motives of Captain Kibler in that, but I do say that his interest—and he practically says so in his own testimony—he testifies of Mrs. Cartwright having come to see him and from then on he was interested in this matter, and it was his interest in Mrs. Cartwright—I don't imply an improper motive of any sort—that led to his activities in connection with this matter. Captain Kibler I am referring to, now.

Mr. FULTON. I suggest the committee take under consideration striking from the record this reference I read to Mrs. Cartwright, as not founded on any factual material and as coming from an affiant with a criminal record, not entitled to any credibility, as a reflection on an Army officer and a Tennessee lady.

Acting Chairman MEAD. Do you want that action taken then this morning? It occurs to me, as the presiding officer, that the language of the affidavit and in the testimony does not square with the professed intentions just given to the committee by the witness, and I would hate to have the witness tell the story from the viewpoint of one who was really guilty, because if he did it would be probably much stronger than it is, and it couldn't be much stronger, in my estimation. Therefore I think, in justice to this lady, that the entire affidavit ought to

¹ See Affidavit No. 6, appendix, p. 3375. See also Affidavit No. 6-A, appendix, p. 3376.

be stricken from the record, because it isn't supported by the evidence or the testimony given the committee this morning in such a way as to justify it remaining in the record.

Mr. MANIER. May I make one further comment on that, please? Personally, I think none of this discussion about the attorneys general has any relevancy to this proceeding. Here is the situation: Captain Kibler testified, as hearsay, that there had been a kick-back in his pay in this contract. The attorney for the committee asked him on what he based that assertion, and he said that he based it on the hearsay statement of this man Lord to the effect that Lord had said there was a kick-back. That affidavit was offered to rebut the fact that he had made the statement to Kibler. After the affidavit was made, the attorney for the committee undertook to discredit Lord so as to discredit his rebuttal of that statement.

If he discredits Lord, he equally discredits the only authority that Captain Kibler had for saying there was a kick-back, and the attorney for the committee may take either horn of the dilemma that he wants to, because in discrediting Lord's affidavit he has discredited the assertion of Captain Kibler, and this record then stands with not an iota of proof of any sort that there was a kick-back, and I respectfully submit this, too, that if the attorney—we did not know that Lord had ever been indicted, but if the attorney for this committee knew that Lord had been indicted, it is my statement that it was highly improper to bring Kibler in and lead Kibler to make the assertion of a kick-back on the authority of a man that the attorney for the committee now says is not credible, and I think it was a proceeding that entitles us to a just indignation for the attorney for the committee to bring into this testimony evidence of a kick-back on the authority of a man that the attorney for this committee knew at the time when he brought it in—I assume at the time, I know he knows it now—was in his opinion not worthy of credit. He can take either horn of that dilemma.

Mr. FULTON. Mr. Manier, I was much interested in that remark. On what factual basis did you make the statement just now that I knew Lord had been indicted?

Mr. MANIER. I corrected that as I went along.

Mr. FULTON. You made the statement without knowing whether it was true or false; isn't that true? You don't know whether that is true or false.

Mr. MANIER. I will ask you, Do you know it now?

Mr. FULTON. I ask you, Do you know whether it was true or false?

Mr. MANIER. I don't, but you do, and I ask you whether it was true or false.

Mr. FULTON. Your statement was false; it was absolutely false. That statement about Lord being known to be indicted was known to me only after I returned here.

Mr. MANIER. All right, then; of course, if that is true—

Mr. FULTON (interposing). That is why I take issue with you in some of the things you are doing. You are talking about matters that you have no knowledge of, save you suspect a district attorney and now you suspect the committee attorney—

Mr. MANIER. We have been in an attitude of suspicion about this thing, with so many suspicious things that we are all suspicious.

Mr. FULTON. Do you want those paragraphs thrown out, or do you wish to press for their insertion in the record?

Mr. MANIER. They are in the record. I don't see how you can really keep them out of the record now. I do want it made very clear in the record that there is no intent, as far as I am concerned, or the contractors are concerned, in any wise to reflect on Mrs. Cartwright, and I don't believe any reflection on her is justified, but I do assert that it does reflect on Captain Kibler, that affidavit does, and properly reflects on him.

Acting Chairman MEAD. It occurs to me that the witness has softened up on his testimony with reference to Captain Kibler and Mrs. Cartwright.

Mr. MANIER. When you say "the witness," Senator, do you mean me?

Acting Chairman MEAD. Yes; you are the witness at the present time.

I want to find some justification for taking this out of the record. It occurs to me, after reading the record, that you have softened up on your statement with reference to Captain Kibler and Mrs. Cartwright.

Mr. MANIER. I never made any statement with reference to her. The affiant made the statement. I know nothing about the relations or the attentions of Captain Kibler. I personally know nothing about them, except what is pure hearsay, the hearsay of that affidavit, and other hearsay.

Acting Chairman MEAD. It occurs to me your explanations are not in keeping with the record. That is true with reference to what you just said about the attorney for the committee. When you learn the facts your testimony shifts and takes on a different angle, and, therefore, it occurs to me, in justification for this lady's reputation, that we ought to strike this part of it, at least, from the record.

Mr. MANIER. Now, I would like to equally move, and I think properly, that we should, in view of the fact that Captain Kibler's charge of a kick-back was based on that statement of that man Lord, whose testimony you think should be stricken from the record, that equally that statement ought to be stricken from the record, because he bases his charge of a kick-back on what Lord told him, and if that affidavit is to be stricken from the record denying that he told him that, then equally the hearsay statement of Captain Kibler that Lord told him that ought to be stricken from the record, because that affidavit definitely denies that Lord ever told Captain Kibler the thing Captain Kibler says he did.

Mr. FULTON. That part of the affidavit was not stricken. The parts I read to you are the parts I suggest to be stricken, as scandalous and libelous.

Mr. MANIER. I don't think it is scandalous or libelous, but I have no objection to that part about Mrs. Cartwright being stricken from the record, because there is no intention, in offering the affidavit, to reflect on Mrs. Cartwright, nor in my belief was there any intention on the part of the affiant to reflect on Mrs. Cartwright.

Mr. FULTON. Then all of the second paragraph on page 2837, except the first sentence, and all of the fifth paragraph on page 2837 will be stricken from the record.

Mr. MANIER. I don't yet see how anything can be gained by it.

Mr. FULTON. The record will note that that was done over your objection, Mr. Manier.

Mr. MANIER. I have not made any objection to it. The committee may act as it pleases on it. I see nothing to be gained by striking it and nothing to be gained by leaving it in. The unfortunate thing I regret is what publicity has been given from Mrs. Cartwright's standpoint, if there has been any. I regret that, of course, because as far as I know she is a very charming lady, and I certainly would regret very much if she has been embarrassed by it.

Mr. FULTON. I asked you over the week end if you would ascertain who in your office supervised the preparation of that affidavit.

Mr. MANIER. May I ask the purpose of that question?

Mr. FULTON. In order to find out whether the affidavit was dictated by Mr. Lord or by your office or by whom.

Mr. MANIER. May I ask the purpose of that information?

Mr. FULTON. I think it is quite obvious. I wish to find out the complete source of this material that was put into the record. Will you answer the question, Mr. Manier, as to who in your office supervised the preparation of that affidavit?

Mr. MANIER. You gave me an intimation you were going to ask that question.

Mr. FULTON. By "intimation" you mean I expressly asked that.

Mr. MANIER. You did that about 2 o'clock on Saturday afternoon. I am in Washington, as you know. Many people in my office, all who have been available, have been working in preparing these affidavits, as must be obvious, because some of them we have been able to get up here almost the morning following the testimony. I have not had an opportunity to find out definitely the fact on the case since you told me. I can, and will, but I haven't talked to anybody from whom I could find that since, and I don't of my own knowledge know, and just as I don't want to be drawn into speculating about the attorney, I don't want to be drawn into speculating about that. I could speculate as to one of seven men who might have drawn it.

Mr. FULTON. When you do find it out will you inform the committee the name of the individual?

Mr. MANIER. I haven't yet finished answering your other question. You said the purpose of that request was obvious. It is obvious. It could have no possible purpose except to reflect on the bona fides of the men who assisted in the preparation of that affidavit, and you also asked me, as you remember, to find out who the stenographer was that actually typed it.

Mr. FULTON. That is correct; to whom it was dictated.

Mr. MANIER. If that is your purpose, I want it to show in the record that I personally resent that reflection and that gratuitous unwarranted reflection on the bone fides of myself and those who have assisted me in this case. There is not an iota of basis for it, and I want to tell you this and tell you very clearly, that under my instructions, and I made them positive, as I do in every case, no person in my office would ever take an affidavit or put anything in an affidavit that they didn't believe was the truth, nor would I ever submit an affidavit to this body or to

any other body that wasn't the truth, and so I do resent that insinuation, and I resent it on another ground.

You know quite well that the information you are asking of me is in law privileged. You cannot in any judicial proceeding or quasi judicial proceeding require a lawyer to disclose any confidential thing that he did at the instance of his client in any respect whatsoever, and it is not only that that is true, but it is the duty of the lawyer to claim the privilege on behalf of the client.

Mr. FULTON. Are you now claiming it?

Mr. MANIER. That is exactly what I am not doing.

Mr. FULTON. Because if you are, the client can waive that privilege.

Mr. MANIER. I understand he can, but the purpose of that would be to put me in the situation of claiming privilege and thereby leaving you in a position to make the innuendo—

Mr. FULTON (interposing). Oh, no.

Mr. MANIER. That because I claim that privilege—let me finish—

Mr. FULTON (interposing). It isn't your privilege; it is his.

Mr. MANIER. But it is the duty of the lawyer to claim it on his behalf until he waives it. I am not bringing that up with the idea that we are going to raise that question of privilege. We are not. We have no idea of raising that question of privilege, because if we did raise it you would immediately take it as a suspicious circumstance, and an implied admission on our part that there was something to conceal; because I know there is absolutely nothing to conceal in this, I am not raising the point of privilege.

Mr. FULTON. How can you know that, when you say you don't even know the name of the person who took it?

Mr. MANIER. I know it was taken by someone in my office, and I know not a one of them would do it. You haven't any basis for the insinuation that it might have been done, and the trouble with this whole proceeding has been that time after time you have had witnesses come up here and testify to suspicious circumstances with a half truth, and we have here—and I make the assertion and so far we have done it—affidavits categorically rebutting every suspicious circumstance, insinuation, and innuendo that you have placed in this record, and since the committee has so kindly given us the opportunity to meet those things, when we are through we will have met every suspicious circumstance in this record, and my only reference to privilege is on this basis, that I frankly think, under the circumstances, it is highly improper for the attorney of the Government, of the committee, to insinuate, without any proof at all, that there has been an impropriety on the part of members of my staff in taking this affidavit, and this whole line of examination you are pursuing now can be for no other purpose than to imply that we framed or willfully or purposely presented affidavits here that didn't represent the facts, and I tell you that is not so. And I say it with confidence; I say it with knowledge on my part, and I say it with confidence on behalf of my associates, and I would be glad to have any associate that you wish to subpoena to come before this committee and tell every fact about the preparation of every one of these affidavits, and I want to make that very clear, and I, of course, haven't talked to my clients about it, but I will certainly prevail on them to waive the privilege which is theirs of right and which it is my duty to advise them they have,

and which it is my duty, not to disclose a privileged communication without their permission, and I say to you it is highly improper, knowing the law of privilege as you must, to have asked that question.

Mr. FULTON. Well now, Mr. Manier, I think I know the law of privilege, and I think probably you do.

Mr. MANIER. I certainly do.

Mr. FULTON. Your client has no privilege as to anything he said to his attorney. He could not refuse to waive that privilege without claiming that it would tend to incriminate him, and you know that.

Mr. MANIER. I don't know it at all.

Mr. FULTON. Don't you, as a lawyer, know that while the lawyer has a privilege in the sense that he can refer to the client, if his client is subject to subpoena that client would have to answer? You know that.

Mr. MANIER. Personally, I don't think there is anything connected with legislation or with the investigation of this case that is to be profited by a discussion between you and me as to our opinions of the law of privilege on this case. I suspect you know it and I am confident I am familiar with it.

Mr. FULTON. None whatever, and that is why I thought it quite unnecessary and irrelevant for you to refer to it.

Now, with respect to the question I asked you, that was simply one question which was not answered despite the length of your speech, and that is, will you furnish to the committee the name of the person who supervised the preparation of that affidavit, and the name of the stenographer?

Mr. MANIER. I shall certainly do that for you. I want to know what I am talking about when I tell you about it. I could speculate about it this morning.

Mr. FULTON. You already have. You were the one who raised the innuendo about what might be an improper action if it were done. I didn't suggest he wrote the affidavit.

Mr. MANIER. It would not have been improper if he did, if he correctly expressed the witness' intention. That is the purpose of an attorney, to phrase the affidavit so as to represent the testimony of the witness. The affidavit is signed by the witness, it is sworn to by the witness, and there is an official of Tennessee who has a sworn duty just as the attorney general has, with a jurat on that affidavit, "subscribed and sworn to before me." Do you impugn the bona fides of the notary public of Tennessee who took that affidavit?

Mr. FULTON. Not in the slightest.

Mr. MANIER. All right. Then what do you impugn?

Mr. FULTON. I don't impugn anything. I ask for facts.

Mr. MANIER. What is the purpose of those facts, other than to impugn the good faith of somebody?

Mr. FULTON. There is no purpose except——

Mr. MANIER (interposing). Do you suspect bad faith?

Mr. FULTON. I do not know one way or the other, and make no suggestions with respect to it.

Mr. H. K. FERGUSON. My name is H. K. Ferguson. I have been sworn by the committee.

First, about Mrs. Cartwright. Even my wife and I, sitting right here with me, were interested in trying to give Mrs. Cartwright all

the business we could for chert. Certainly none of us have ever had any desire to reflect on her in any way, in her good faith in trying to deliver, and we have tried to be helpful in the efforts she made.

As far as this latter question is concerned, we are anxious to get on with the main issue and we will certainly waive any privilege that we have.

Mr. FULTON. Do you say they have a privilege in that?

Suppose I ask you, Mr. Ferguson, the specific question, will you allow your attorney to divulge the facts with respect to the preparation of that affidavit?

Mr. H. K. FERGUSON. He has already said he would be glad to.

Mr. FULTON. I take it you don't want to attempt to claim privilege?

Mr. H. K. FERGUSON. No, sir; we want to get on with the business of this investigation. So does our attorney.

Mr. FULTON. Now, Mr. Ferguson, is Mr. Lord still employed by you people?

Mr. H. K. FERGUSON. Yes, sir.

Mr. FULTON. Do you expect to continue employing him as assistant purchasing agent?

Mr. KINGSLEY FERGUSON. Unless we are otherwise instructed, his purchasing activities are supervised by an immediate superior who checks every negotiation that goes forward, and they are also supervised by the constructing quartermaster, who approves every deal that is made.

Mr. FULTON. You consider the question of his indictment absolutely irrelevant?

Mr. KINGSLEY FERGUSON. I haven't seen any facts about the indictment at all. We are trying to get those.

Mr. FULTON. They are public records in Carroll County, Tenn., which are always on file.

Mr. KINGSLEY FERGUSON. We are trying to get them. We expect to have them.

Mr. FULTON. I think we might now proceed.

Mr. KINGSLEY FERGUSON. May I interject there? In connection with that specific case of John Lord, I desire also to point out that out of our own pockets, not reimbursable by the Government, we have obtained a fidelity bond on every employee on that project, and that was paid for by ourselves and not by the Government, for the specific purpose of just this kind of thing.

I want further to point out that every employee on the project has his fingerprints sent to F. B. I. before he is hired, before he has worked very long. F. B. I. makes a routine check-up on every one of those employees, and we did not know, as a result of that investigation by F. B. I., that there was any criminal indictment against John Lord. If there had been a criminal indictment of any importance, it would have been called to our attention by F. B. I. and we would have been requested—

Mr. FULTON (interposing). What do you base that statement on? F. B. I. couldn't call your attention to that unless the fingerprints had been filed with them.

Mr. KINGSLEY FERGUSON. That is correct, but it raises this question. As I have said, you don't know but what I have been in-

dicted, and I don't know but what you have. It so happens that I haven't.

Mr. FULTON. Neither have I.

Mr. KINGSLEY FERGUSON. That is exactly the case with John Lord.

Mr. FULTON. Except that the district attorney, however, says he has been indicted three times. I assume in the absence of any contradictory—

Mr. KINGSLEY FERGUSON (interposing). On the basis of his performance on the job and the things he did to show us that he was honest, we couldn't question his integrity; on the hard work he has put in on the project he has been a loyal and good employee so far as we have been able to determine.

Mr. FULTON. You propose to continue him at Government expense as assistant purchasing agent, despite this?

Mr. KINGSLEY FERGUSON. As long as his services are satisfactory.

Mr. FULTON. That contrasts with your discontinuance of Mr. Harrison's services for the crime of having called certain facts to the attention of the constructing quartermaster without going through Mr. Atkin.

Mr. KINGSLEY FERGUSON. No, sir; that isn't quite true. Mr. Manier here has another affidavit with reference to Mr. Harrison, and he was discharged for matters of considerable importance to the executives of this company, and not because he persisted in calling irregularities, if that is the intent of your question, to the attention of the constructing quartermaster, but because he did not call any information that he might have had to our attention so that we could do something about it, too.

Mr. FULTON. Mr. Atkin, your project manager made that particular statement that I am quoting: "He was being relieved of that, in a letter that he wrote, did he not?"

Mr. KINGSLEY FERGUSON. I don't know all of the letters that Mr. Atkin wrote.

Mr. FULTON (reading):

Our answer to this is, he had on numerous previous occasions circumvented lines of authority in our own organization and had made several changes in the operation of his department without the knowledge and consent of his superiors.

(The letter referred to was marked "Exhibit No. 218" and is included in the appendix on p. 3366.)

Mr. KINGSLEY FERGUSON. That is correct; that is exactly correct on the point I brought out. When we have 187 Q. M. employees giving directions and taking directions directly with our subordinates, it is impossible to hold the executives responsible, and orders had gone out from the office of the constructing quartermaster and from our own office that that should not exist or be done, and Mr. Harrison insisted on violating those orders and did it so repeatedly it finally became necessary to relieve him of his duties.

Mr. FULTON. Major Hofto, as constructing quartermaster, have you taken any action with respect to John Lord, or do you, too, think he should be continued as assistant purchasing agent?

Major HORRO. Well, as has been brought out in the testimony, all contractors and all employees on the project are finger-printed and their fingerprints sent to the Federal Bureau of Investigation, and

we have reports on them, and apparently Mr. Lord's came through before I arrived there, and this is the first I have ever heard of this case.

Mr. FULTON. Do you propose, as constructing quartermaster, to have persons who have criminal indictments for fraudulently obtaining property under false pretenses in the position of assistant purchasing agent?

Major HOFTO. It will have to be investigated.

Mr. FULTON. You want to find out whether there are any indictments?

Major HOFTO. I want to find out the truth.

Mr. FULTON. If the indictments are there and on those grounds, do you propose to continue him?

Major HOFTO. I will forward the information to higher authority and let them decide what they want to do.

Mr. KINGSLEY FERGUSON. The constructing quartermaster has the power to remove any man on the job he sees fit.

Mr. FULTON. That is why I asked that question.

Acting Chairman MEAD. I would like to ask, for my own information, do I understand all these employees are fingerprinted and the fingerprints are sent to the F. B. I.?

Mr. KINGSLEY FERGUSON. Yes, sir.

Acting Chairman MEAD. And do I understand further that the F. B. I. is obligated to return reports on these fingerprints?

Major HOFTO. Not on every one.

Acting Chairman MEAD. On any one?

Mr. KINGSLEY FERGUSON. We have taken over 60 men off the job.

Major HOFTO. They return reports on those that have records.

Acting Chairman MEAD. Was the fingerprint of this man Lord sent to the F. B. I.?

Major HOFTO. I assume it was. However, it was before I arrived there.

Acting Chairman MEAD. If it was, isn't his report available to you after you arrived there?

Major HOFTO. Probably not, because it may not have been a major record and they didn't report on it, or maybe they didn't have any record on it. I don't know, yet.

Mr. KINGSLEY FERGUSON. Mr. Chairman, we get reports back from the F. B. I. listing the offenses and giving a description, and on every report that comes back we remove that man from the job regardless of the offense, for just this exact reason.

Acting Chairman MEAD. Did you get a report back on this man Lord?¹

Mr. KINGSLEY FERGUSON. No, sir. Those upon which no report comes back are cleared as far as F. B. I. is concerned.

Acting Chairman MEAD. And you got no report from the F. B. I. on Lord?

Mr. KINGSLEY FERGUSON. That is correct.

Acting Chairman MEAD. The answer to that is probably that his indictments were local and were not brought to the attention of the F. B. I., which is Federal.

¹ See Exhibits Nos. 216 and 217, appendix, pp. 3365 and 3366.

Mr. KINGSLEY FERGUSON. That is probably true, sir, it would seem.

Acting Chairman MEAD. How can you get a report, then, to safeguard the integrity of the project where these records wouldn't come to the F. B. I.? It is important, I presume, that we have a check on all men working on important projects like this.

Mr. KINGSLEY FERGUSON. You could do it if you wanted to go to considerable expense to conduct a private investigation at the expense of the Government on every one of 15,000 men going on a project.

Mr. FULTON. Do you ask these men themselves whether they have a criminal record?

Mr. KINGSLEY FERGUSON. Yes, sir.

Mr. FULTON. Did you ask Mr. Lord?

Mr. KINGSLEY FERGUSON. Do we ask them specifically if they have a criminal record? No, but Mr. Lord is a respected citizen of the town of Huntingdon, and we can produce all the character affidavits for John Lord that this committee might want, and we checked back on every reference which was given us at the time of his employment to determine, realizing that he was going into an important department, and we got nothing but the highest recommendations for Mr. Lord.

Mr. H. K. FERGUSON. May I repeat what my son said, to the effect that in an effort to take away any responsibility of this sort, we have put a blanket bond on all these people at our expense.

Mr. KINGSLEY FERGUSON. So there is no conceivable possible expense to the Government as a result of John Lord's indictment. There can't be. If you have any evidence that John Lord has defrauded the Government of any money, it will be reimbursed immediately.

Mr. FULTON. But the most important thing is to have, as Senator Hatch once expressed it, men whose honesty and integrity are not questioned, and a person with a criminal record is one who can do a lot of damage without it ever appearing as concrete evidence one way or the other. I don't say Mr. Lord has. I say that you run the chance of that when you hire people of that kind.

Mr. KINGSLEY FERGUSON. And you run it in any operation you might organize. If you were to go out today and repeat that job you would be liable for the same thing.

Mr. FULTON. I think I would ask my men whether they have a criminal record. Did you ask Mr. Lord that?

Mr. KINGSLEY FERGUSON. I don't know that that specific question was asked him in the way you phrase it, because I wasn't there at the time he was hired. We had a personnel department of about 18 people at that time whose job it was to do that.

Mr. FULTON. And that was one of the questions habitually asked?

Mr. KINGSLEY FERGUSON. I don't know; I wasn't there. John Lord had lived in that town for 30 years or so, and if you check back with the references he gives and the other references in the town you are certainly going to find it out, and nothing of that kind was uncovered except that John Lord was highly recommended by everybody in the town in which he lived.

Acting Chairman MEAD. Proceed, Mr. Manier.

CHERT CONTRACTS

Mr. MANIER. At the session of Friday, at the conclusion of the session, we were in the midst of presenting the chert situation. We had presented the sequence of it. I am sorry, Mr. Chairman, that you did not hear that testimony, and you, Senator, because what we now have follows right after that. We had shown the efforts of the contractor to get chert at the cheapest possible price and we had in all instances, except that of the low bid, that we had not awarded for the full amount because we were constantly trying to get it lower—we knew that chert and the roads were the bottleneck of the enterprise. It was a swampy country and we had to get enough men on the roads to make them.

Now, I come with affidavits as to the Cartwright Construction Co., and particularly, first, affidavits meeting the insinuation and charge of a kick-back, which insinuation and charge, as I have pointed out previously, have no basis in this record except the testimony of Captain Kibler that Mr. Lord had told him that in his opinion there was a kick-back.

Mr. FULTON. No; that he knew there was a kick-back.

Mr. MANIER. That Mr. Lord had told him he knew there was a kick-back, and that is the only pertinency of Mr. Lord's testimony in this record, to deny that he said that to Captain Kibler, and he does in that affidavit. The part of it that still remains a part of the record specifically denies that. Captain Kibler states that he even mentioned figures, and Mr. Lord in his affidavit says he couldn't have mentioned figures because he never knew them, and there was a positive denial still in the record on the part of Lord that he ever made the statement to Captain Kibler that there was a kick-back on this chert deal, and that is the only basis for any insinuation that there was a kick-back, is the hearsay testimony of Captain Kibler, based on a supposed statement made to him by Lord which Lord has denied in his affidavit.

The contractors have already denied that, the contractors on this job, in the affidavits previously introduced. I now introduce the affidavit of the competitor, Memphis Stone & Gravel Co., to the same effect. The first one is that of W. L. Smith, president of the Memphis Stone & Gravel Co.:¹

My mother, Mrs. W. L. Smith, owns the majority of the stock of the company. I have been in close collaboration with Mr. J. S. Cooper, the secretary and treasurer of the company, who has largely handled all of the matters in connection with the sale of chert by the Memphis Stone & Gravel Co. for use in the Wolf Creek ordnance plant and the Milan ordnance depot, and I am familiar with all of the circumstances surrounding such sale. I was also present in the courtroom of the United States district court at Memphis when Capt. George N. Kibler testified before the investigating committee of the United States Senate on November 17, 1941, and heard the testimony of Captain Kibler:

"In considering its bid for the material to be supplied for the above-mentioned projects, the Memphis Stone & Gravel Co. considered its ability to deliver the quantity of material required and, also, the quality of such material, in which consideration was involved the question of the manner in which the material would be delivered. It was determined that the material could be more economically delivered by independent truckers who would receive a fixed amount per yard for material transported from the plant of the Memphis Stone & Gravel

¹ See Affidavit No. 24, appendix, p. 3421. See also Memorandum No. 24-A, p. 3422; and Affidavit No. 24-B, p. 3429.

Co., at Camden, Tenn., to the points required at the Wolf Creek ordnance plant or the Milan ordnance depot. After considering all of these questions at the outset of the project (the Wolf Creek ordnance plant being the first of the projects) the Memphis Stone & Gravel Co. made its considered bid which was accepted by the Ferguson-Oman Co. with the approval of the United States Army's constructing quartermaster. The Memphis Stone & Gravel Co. has endeavored through the life of its several contracts to carry out its undertakings in detail, not only to maintain its reputation built up over a long period of time but also because of the fact that the Memphis Stone & Gravel Co. is financially responsible for any failure to live up to the terms of its several agreements.

"The Memphis Stone & Gravel Co. has at no time interfered with or attempted to interfere with the Cartwright Construction Co. in its delivery of gravel or chert under a similar contract, or has it had occasion to do so.

"The Memphis Stone & Gravel Co. has at no time during the life of the contracts for delivery of materials to the Wolf Creek ordnance plant or the Milan ordnance depot paid anything to any persons other than its legitimate representatives or employees. I specifically deny that the Memphis Stone & Gravel Co. has made or countenanced any kick-back, as insinuated by Captain Kibler.

"Contrary to the testimony of Captain Kibler, Mr. Marshall Priest, of Huntington, Tenn., has no interest in the Memphis Stone & Gravel Co., nor has he ever had such an interest. The Memphis Stone & Gravel Co. has no contracts, commercial or otherwise, with the Mississippi Testing Laboratory and the only money which has ever been paid by the Memphis Stone & Gravel Co. to the Mississippi Testing Laboratory was for the salary of an inspector who was placed at the plant of the Memphis Stone & Gravel Co., at Camden, Tenn., at the same time that an inspector with similar duties was placed at the plant of the Cartwright Construction Co. This salary was paid until it was determined that this arrangement was impracticable.

"The Memphis Stone & Gravel Co. has at all times attempted to carry out all terms of its contract with the Wolf Creek ordnance plant and the Milan ordnance depot and will continue so to do."

That was sworn to by the affiant, Mr. W. L. Smith.

Then we have the affidavit of R. S. Smith:¹

I, R. S. Smith, am a resident of Memphis, Shelby County, Tenn., but during the mining and transportation of material from the Camden plant of the Memphis Stone & Gravel Co. to the Wolf Creek ordnance plant and the Milan ordnance depot have spent the major portion of my time at the Camden plant of the Memphis Stone & Gravel Co. I am familiar with all of the operations of the Camden plant insofar as production and transportation of materials to the Milan project is concerned, but I have had no part in the negotiations leading up to and concerning the sale of the material. I have also read the testimony of Capt. George N. Kibler given before the Senate investigating committee at Memphis, Tenn. I have been in the gravel business in and around north Mississippi and west Tennessee for the past 20 years and know the business and the operators in this territory more or less intimately. I have known the Cartwright Construction Co. for a long period of time. I have been in close touch with that company since 1937 at which time the Memphis Stone & Gravel Co. was operating in and around Tipton and Lauderdale Counties. The Cartwright Construction Co. had its home office in Ripley, Tenn., in Lauderdale County at that time. It then had a bad reputation insofar as paying bills was concerned. That reputation has continued up to the present date. For this reason when the Cartwright Construction Co. began to move chert from its location near Camden, Tenn., to the Milan plant it had considerable difficulty in obtaining truckers to transport its material since Cartwright's reputation for being bad pay was generally known to the truck owners in this territory. His equipment has been attached by the courts, so I have been informed and he has been sued for nonpayment of his indebtedness from time to time. His reputation was so general that a deputation of the truck drivers in this vicinity, so I am informed, went to the Milan plant in an effort to have their pay guaranteed before they would haul for him. Under these circumstances he naturally had difficulty in obtaining truckers to fulfill his commitments with the Milan plant. On the other hand the Memphis Stone & Gravel Co. has been fortunate enough to have

¹ See Affidavit No. 23, appendix, p. 3420. See also Memorandum No. 23-A, p. 3421; Memorandum No. 24-A, p. 3422; and Affidavit No. 24-B, p. 3429.

been able to carry out its obligations to its truckers at all times and it naturally has the confidence of the truckers in this territory. We have never had any difficulty in obtaining our share of the truckers operating in this vicinity. For this reason we have had no occasion to interfere with or attempt to employ the truck drivers or the truckers of the Cartwright Construction Co. If persons who had been hauling for the Cartwright Construction Co. came to our plant we have always been willing to employ them and we have never raised any objection to truckers who had been hauling for us when they went to haul for Cartwright. There have been instances where a truck in a single day has hauled both for the Memphis Stone & Gravel Co. and the Cartwright Construction Co., without objection on our part. We have never interfered with or attempted to wean away the truckers of the Cartwright Construction Co., or any other competitive operator.

Mr. D. C. Russell, the Camden plant superintendent of the Memphis Stone & Gravel Co., has already fully covered and explained the difference between our pit run material and our material processed to meet the specifications of the Milan project. The absurdity of Captain Kibler's testimony to the effect that our pit run material and our material processed to meet the Milan specifications is apparent and obvious to any experienced gravel operator or consumer.

Now, I have the affidavit of Mr. J. S. Cooper. I will first read Mr. D. C. Russell's affidavit, which was referred to in that one:¹

I, D. C. Russell, am 60 years of age and have lived in Benton County, Tenn., all my life. I have been employed by the Memphis Stone & Gravel Co. since 1918 and for the past 6 years have been superintendent of the Camden plant of that company. I am familiar with all of the operations of the Cartwright Construction Co. insofar as the mining of its material and the transportation of such material is concerned. When the Cartwright Construction Co.'s plant was originally set up the plant as constituted could not possibly produce the amount of gravel in the quality required by the Milan project, the amount being 2,000 cubic yards or more per day. We had never considered the Cartwright Construction Co. as a competitor for material produced in large quantities out of its present location for the reasons: First, that the plant as constituted did not have the capacity to produce and, second, the chert located on the property operated by the Cartwright Construction Co., according to our information, had been condemned by the Highway Department of the State of Tennessee, insofar as the production of chert with clay binder is concerned. This was a material factor for the reason that this type of material was required by the Milan project.

I had nothing to do with the contracts between the Memphis Stone & Gravel Co. and the Ferguson-Oman Co. insofar as the sale of the material was concerned, and know nothing of the negotiations leading up to the purchase of the material. I am, however, entirely familiar with the production of the material and with the problems concerning its transportation. I am informed that Captain Kibler testified before the Senate investigating committee at Memphis, Tenn., that two bids were made by the Memphis Stone & Gravel Co.: "Namely, \$1.75 to meet specifications, \$1.55 to be what they termed pit run, the materials delivered would be identical in both cases."

That is the testimony of Mr. Kibler.

The gravel prepared to meet specifications for the Milan plant had to be mined by a power shovel, loaded onto railway cars or trucks and transported to the plant from distances varying from 300 yards to one-half of a mile. The material then is sized and all material not passing through a 2-inch screen is then crushed to such sizes that will eventually pass through such screen and uniformly mixed with the original material so as to furnish the finished product. Insofar as pit-run material is concerned, this is simply loaded directly from the bank into the truck and hauled to its destination without any further processing. The difference in the amount of the bids mentioned by Captain Kibler was occasioned by the difference in the cost of producing the different type materials. The plant used in preparing this material to meet the specifications of the Milan project represents an investment of approximately a hundred thousand dollars.

¹ See Affidavit No. 22, appendix, p. 3419. See also Memorandum No. 22-A, p. 3420; Memorandum No. 24-A, p. 3422; and Affidavit No. 24-B, p. 3429.

We have never had to resort to any unethical practices in order to obtain sufficient transportation for our material. We always had our pick of the available trucks in this vicinity. The Memphis Stone & Gravel Co., through me or through any of its other officers, or employees, insofar as I know, has never by intimidation, coercion, or otherwise attempted to obtain truckers from the Cartwright Construction Co. or any other competitive operator.

We have attempted at all times, and will continue to meet specifications both as to quantity and quality of material which we contract to supply.

And then the affidavit of J. S. Cooper:¹

I, J. S. Cooper, am a resident citizen of Shelby County, Tenn., and am secretary and treasurer of the Memphis Stone & Gravel Co., having held such position for the past 15 years. I have been employed by the Memphis Stone & Gravel Co. for the past 23 years. I have largely had charge of the handling of the transportation and sale of chert for use in the construction of the roads in the Wolf Creek ordnance plant and the Milan ordnance depot near Milan, Tenn., and am fully conversant with all of the details arising in connection with such sale. I have also carefully read the transcript of the testimony of Capt. George N. Kibler, offered before the investigating committee of the United States Senate at the hearing held in Memphis, Tenn., on November 17, 1941, and am fully advised concerning such testimony.

Upon hearing of the possibility of the purchase of the amount of chert necessary for the roads in the Wolf Creek ordnance plant, the Memphis Stone & Gravel Co. immediately considered the possibility of putting itself in a position to supply this chert in the quantity and quality which would be required and, also, considered the cost of placing the plant which it had had at Camden, Tenn., intermittently idle for a long period of time, in a condition to produce the amount of material required. Before considering the amount per yard at which such material could be produced and delivered, the question of the transportation of the material was carefully considered in figuring the bid. At all times the Memphis Stone & Gravel Co. has considered this matter from the standpoint of a fair profit, bearing in mind at all times its responsibility to deliver under the terms of its contract, both as to quantity and quality, it having in mind not only its obligations under the instant contract, but its responsibility in the field built up over a long period of satisfactory dealing with its customers. The bids submitted by the Memphis Stone & Gravel Co. have been made on these bases.

We have at all time endeavored to carry out to the letter the terms of the purchase orders which we have been fortunate enough to receive from the Ferguson-Oman Co., and shall continue to do so.

Having been directly in charge of the matters in connection with this contract, I am fully familiar with all of the dealings had with the persons hauling this material. At the time this contract was originally considered, it was determined that the best method of transporting this material would be to have it hauled by independent contractors. This was determined for the reason that it would be unprofitable for the Memphis Stone & Gravel Co. to purchase or hire sufficient trucks to transport the material, the only practicable method of transportation being by truck. This conclusion was based on our past experience in owning, operating, and hiring trucks. For this reason our regular independent truckers' contract was used, which was executed by all persons hauling gravel for the Memphis Stone & Gravel Co. on the Milan projects, an unexecuted copy of which is hereto attached and marked "Exhibit A."

I will not read that.

Under the terms of this contract the Memphis Stone & Gravel Co. had no right to direct, control, or otherwise interfere with the operations of the individual truck owners in the carrying out of the terms of their respective contracts, and for this reason the Memphis Stone & Gravel Co. did not have the right to call upon the individual independent contractors hauling this material to interfere with, intimidate, or otherwise coerce the truck drivers of the Cartwright Construction Co. or any other competitor as testified to by Captain Kibler. The Memphis Stone & Gravel Co. or its representatives have at no time interfered with, tampered with, coerced, or attempted to coerce the drivers of trucks employed by or engaged in hauling the chert of the Cartwright Construction Co.

¹ See Affidavit No. 25, appendix, p. 3430. See also Memorandum No. 24-A, p. 3422; and Affidavit No. 24-B, p. 3429.

In the testimony of Captain Kibler, which I have carefully considered, it appears that the Cartwright Construction Co. has had some difficulties with its truck drivers, and Captain Kibler, frankly basing his statement on rumors, has stated that this difficulty was brought about by action of the Memphis Stone & Gravel Co. Such actions are specifically denied. I further state that I am not familiar with any arrangement or condition of any contract which Mr. Marshall Priest, mentioned in the testimony of Captain Kibler, may have had with persons who purchased trucks from him or from the Priest Motor Co. on conditional sales contracts or otherwise, and I am not advised of Mr. Priest having exerted any pressure on any conditional sales vendee of his or other purchaser from him, to require such person to haul gravel for the Memphis Stone & Gravel Co. I further state that Mr. Priest does not now have nor has he ever had any interest in the Memphis Stone & Gravel Co., either as a stockholder or in any other manner.

I further state that the Memphis Stone & Gravel Co. had no interest in or contract with the Mississippi Testing Laboratory, the chert inspector employed by the Ferguson-Oman Co. and prior to the Wolf Creek ordnance plant contract had no dealings with these people whatsoever. The Memphis Stone & Gravel Co. did pay for the services of an inspector at the gravel plant at the same time that the Cartwright Construction Co. had an inspector at its gravel plant, but the arrangement proved unsatisfactory and was discontinued.

Captain Kibler, in his testimony, stated that he was informed that we would furnish the identical material under our bid of \$1.75 per yard for material to meet specifications as we would furnish under our bid for \$1.55 per yard for pit run material. Under our set-up at our plant at Camden, Tenn., we mine the material with a power shovel and load it on to dump cars pulled by dinkey locomotives over narrow-gage tracks laid by ourselves and onto trucks when the railroad facilities cannot keep up with the demand. These dump cars and trucks transport the pit material across a causeway, which is floored for truck transportation and upon which the narrow-gage rail is laid, to the tipple where the material is dumped into a series of hoppers that feed the various sized screens which culminate, for the purpose of the Milan projects, in a 2-inch screen which grades the material from 2 inches down to fine. The material which does not pass through the 2-inch mesh goes through a hammer-mill crusher and then by a belt conveyor is passed back through the 2-inch screen and then uniformly mixed with the material theretofore passing through the screen. This is then loaded onto the trucks which convey it to its destination. The pit run material is simply dug out of the bank in its original condition, loaded on trucks and hauled to its destination. The cost of processing this material varies with the length of the haul from the point where it is dug from the bank to the tipple, but the processed material is, of course, considerably more expensive to produce and is, naturally, of a very different character from the pit-run material. Our reason for submitting a bid on pit-run material was that we were instructed to submit bids on alternate materials and while we had no idea that the pit-run bid would be accepted, nevertheless we felt that the purchasers had a right to know on what terms that type of material could be acquired.

Captain Kibler in his testimony also insinuated that the Memphis Stone & Gravel Co. had paid a "kick-back" to a person or persons unknown to him. The Memphis Stone & Gravel Co. has at no time paid any person any amount of money out of the proceeds of sales to the Wolf Creek ordnance plant or to the Milan ordnance depot other than its legitimate expenses.

Our net profit on material sold to the Ferguson-Oman Co. for the Wolf Creek ordnance plant and the Milan ordnance depot averages less than our net profit on similar material sold to the State of Tennessee and counties in the territory which we supply and which are near the Milan projects, and to other defense projects which we are now supplying.

Now, I have other affidavits showing the subject of interference and the fact that the Cartwright Co. is slow paying. This affidavit of H. T. Park:¹

I, H. T. Park, am a resident of Carroll County, Tenn., and have known of the Memphis Stone & Gravel Co. for the past 6 or 8 years but have never hauled for them until the first part of 1941. I put 5 trucks on the Milan job hauling from

¹ See Affidavit No. 8, appendix, p. 3402. See also Affidavits S-A and S-B, appendix, pp. 3404 and 3405.

the Camden plant of the Memphis Stone & Gravel Co. to the Milan job when the job was started. I have hauled since that time both for the Memphis Stone & Gravel Co. and the Cartwright Construction Co. I now operate 10 gravel trucks and employ an average of 10 drivers to operate the trucks. At the recent meeting of the truck owners which was held for the purpose of obtaining a raise for the truck drivers, I went with the committee to talk to the Ferguson-Oman Co. which resulted in obtaining a raise of 15 cents per cubic yard for the truck owners, which raise was approved by the constructing quartermaster. I am familiar with all of the details in connection with the problems of the truck owners and truck drivers on this job.

I have never heard of the Memphis Stone & Gravel Co. attempting to influence either the truck owners or truck drivers in any manner from hauling for the Cartwright Construction Co. during the course of this job. Although I was not present at the Cartwright Construction Co.'s office when Captain Kibler made his talk, it was generally known that he had advised a number of truck drivers, assembled at the Cartwright Construction Co. for that purpose, that the Memphis Stone & Gravel Co. would have nothing further to do with the gravel on the Milan job and that the Cartwright Construction Co. would handle the whole contract. This was reported to me specifically by one of my drivers, Herman Allen, who was present at the meeting.

I interpolate there to say that we have several affidavits showing Captain Kibler interested himself, where he went down and made stump speeches to these drivers, assembling them together. We have quite a number of those affidavits here, trying to get them to drive for Cartwright rather than for the Memphis Stone & Gravel Co.¹

Any trouble that the Cartwright Construction Co. had with its drivers, in my opinion, was caused by the general knowledge in this community of his reputation for slow pay.

I hauled for the Cartwright Construction Co. through November 14 and attach hereto as exhibit A the statement furnished me by the Cartwright Construction Co. of the money due me for the period beginning November 3 and running through November 14, 1941. On this statement I was paid at the rate of \$1.05 per cubic yard for all material hauled into what we refer to as the "Old area," which is the Wolf Creek ordnance plant. It was my understanding that the raise to the truck owners of 15 cents per cubic yard which we effected through the efforts of the committee mentioned above applied both to the "Old area" and the "New area," which is the Milan ordnance depot. When I questioned the Cartwright Construction Co. about this, I was informed by Mrs. Cartwright that the raise only applied to the "New area." The raise went into effect on November 6, 1941. The statement speaks for itself.

This is an affidavit of E. J. Melton:²

I was born and raised in Benton County, Tenn., and I have known the Memphis Stone & Gravel Co. since they came to Benton County in 1910. I have hauled for the Memphis Stone & Gravel Co. whenever they had anything to haul and I had anything to haul with. I have never been intimidated, coerced, or otherwise influenced to haul for the Memphis Stone & Gravel Co., but have always contracted to haul for them of my own free will and accord. I have also hauled for the Cartwright Construction Co. when the Memphis Stone & Gravel Co. was not hauling. I know of Cartwright's general reputation for not paying his bills, and this, in my opinion, is the reason why he has had trouble with his truckers. It has been the general attitude of the truck drivers in this community that if the Memphis Stone & Gravel Co. was not hauling we would haul for Cartwright and take a chance on getting our money. This was well known to both Mr. and Mrs. Cartwright.

Lanie Howe is the next:³

I, Lanie Howe, am a resident of Benton County, Tenn., and have lived here all of my life. I have known the Memphis Stone & Gravel Co. practically all

¹ See Affidavit No. 8, appendix, p. 3402. See also Affidavits Nos. 8-A and 8-B, appendix, pp. 3403 and 3405.

² See Affidavit No. 18, appendix, p. 3417. See also Affidavits Nos. 6-A, p. 3376; 9-A, p. 3406; 9-B, p. 3406; and Memorandum No. 9-C, p. 3413.

³ See Affidavit No. 14, appendix, p. 3415. See also Affidavits Nos. 6-A, p. 3376; 9-A, p. 3406; 9-B, p. 3406; and Memorandum No. 9-C, p. 3413.

of my life. I drive a truck for Odell Flowers and haul gravel to the Milan plant. I have hauled both for the Memphis Stone & Gravel Co. and the Cartwright Construction Co. I personally did not receive any checks from the Cartwright Construction Co., but I have had numerous persons tell me that they received checks for hauling to the Milan job from Cartwright which they could not get cashed and which had to be held for several weeks. It is my idea that any trouble that Cartwright had with his drivers was for this reason. Since he has begun to pay off promptly he has not had any trouble with his drivers as far as I know. I have never been threatened, coerced, or intimidated in any manner to make me drive for the Memphis Stone & Gravel Co., and I have never heard of such practices as far as anyone else was concerned.

To the same effect is the affidavit of Ray Hall. I will only read the last paragraph of it because the others are to the effect of the one I have just read:¹

It was rumored around Camden that one of the Army men at the Milan plant had made a speech in Camden to the truck drivers when he said that the Memphis Stone & Gravel Co. was through and that if the truck drivers wanted to haul they had better haul for Cartwright, but I didn't pay any attention to it.

Here is an affidavit of L. L. Lowe to the same effect of those I have been reading.² I want to abbreviate all I can; it is just corroborating it.

Here is the affidavit of Odell Flowers:³

I, Odell Flowers, have been a resident of Benton County, Tenn., all of my life. I am now operating on the Milan haul two trucks. I have hauled both for the Memphis Stone & Gravel Co. and for the Cartwright Construction Co. The Cartwright Construction Co. was the first company I ever hauled a load of gravel for. This was in 1937. I have known both companies since that time. I have never known of any truck owner or truck driver being influenced, intimidated, or otherwise compelled to haul gravel for the Memphis Stone & Gravel Co. either on the Milan project or on any other job. The Cartwright Construction Co. has had trouble with its truckers because the truck owners know from past experience that it is doubtful whether they will be paid or not. All of the checks that I have ever received from the Cartwright Construction Co. have been deposited through my bank at Camden, Tenn. My bank refuses to accept the checks other than for collection and until the checks were actually paid would not credit my account with the amount of the checks. This practice results in inconvenience to any small operator who needs his cash. This has been true not only in my case but in the case of any number of my acquaintances. Under these circumstances the truckers in this vicinity always prefer to haul for the Memphis Stone & Gravel Co. which is prompt and sure pay.

Instead of the truckers of the Memphis Stone & Gravel Co. trying to solicit or influence truckers of the Cartwright Construction Co. from hauling for Cartwright, the contrary is true. The truckers hauling for the Memphis Stone & Gravel Co. are seriously inconvenienced by Cartwright's truckers who come to the Memphis Stone & Gravel Co.'s plant when Cartwright is broken down and tie up the road so that the regular truckers can't get loaded as promptly as they ordinarily would. In spite of our dislike of this practice, however, Cartwright's truckers do haul for the Memphis Stone & Gravel Co. whenever they can't get loaded at the Cartwright plant. We also haul for Cartwright when the Memphis Stone & Gravel Co. is shut down. This practice is known to the Memphis Stone & Gravel Co. and it makes no difference to the company.

And then here is another one to the same effect that he had not been coerced; that is the affidavit of James H. Taylor.⁴

¹ See Affidavit No. 21, appendix, p. 3418. See also Affidavits Nos. 6-A, p. 3376; 9-A, p. 3406; 9-B, p. 3406; and Memorandum No. 9-C, p. 3413.

² See Affidavit No. 12, appendix, p. 3414. See also Affidavits Nos. 6-A, p. 3376; 9-A, p. 3406; 9-B, p. 3406; and Memorandum No. 9-C, p. 3413.

³ See Affidavit No. 13, appendix, p. 3415. See also Affidavits Nos. 6-A, p. 3376; 9-A, p. 3406; 9-B, p. 3406; and Memorandum No. 9-C, p. 3413.

⁴ See Affidavit No. 10, appendix, p. 3413. See also Affidavits Nos. 6-A, p. 3376; 9-A, p. 3406; 9-B, p. 3406; and Memorandum No. 9-C, p. 3413.

There is one of Alf Taylor to the same general effect¹ and then there is one of S. E. Brison, from which I will read the last paragraph:²

I personally have had numerous checks from the Cartwright Construction Co. which have not been paid and on one occasion was compelled to sue the Cartwright Construction Co. to recover the amount it had agreed to pay me for gravel hauled to the Milan plant.

Now the affidavits on the subject of Captain Kibler's speech:³

I, Billy Hudson, Camden, Tenn., do hereby certify that I was present at a truckers' meeting in the office of Mr. J. M. Cartwright sometime during the past summer, and at this meeting a party introduced to us as Captain Kibler made a talk. In this talk he made the statement that the Cartwright Construction Co. had the complete gravel contract for the Milan plant, and that the Memphis Stone & Gravel Co. would haul no more gravel on that project, and that if the truckers wished to continue to haul gravel they would have to see Mr. Cartwright.

And then the affidavit of Martin White⁴ to the same effect; the affidavit of S. E. Brison, Humboldt, Tenn.:⁵

I wish to state that at a time this past summer I attended a meeting in the office of Cartwright Construction Co. where a Captain Kibler from the Milan project made a talk to the truckers and truck drivers hauling gravel from the Camden pits to the Milan project. In Captain Kibler's talk he stated that the Memphis Stone & Gravel Co. was now out of the picture and that the Cartwright Construction Co. would deliver the entire balance of gravel used on this project. I asked Captain Kibler directly if we could be assured of our pay from the Cartwright Construction Co. for hauling the gravel, and he replied that the Cartwright Construction Co. would be in position to pay me fully every 2 weeks.

And then he also denies intimidation.

Then an affidavit of Herman Allen, who denies intimidation and then tells about the speech in this language:⁶

I was present in the office of the Cartwright Construction Co. when a person who was told to me to be Captain Kibler made the statement to a group of truck owners and truck drivers assembled there for that purpose that the Memphis Stone & Gravel Co. would haul no more gravel and that all of the gravel hauled to the Milan project would be sold by the Cartwright Construction Co. and that if the truck owners and the truck drivers wanted to work they had better work for Cartwright. Mr. Park paid no attention to this and when the Memphis Stone & Gravel Co. began to haul again he put his trucks on their haul.

Now, that concludes the testimony on the chert situation and of Captain Kibler.

PERSONNEL PROBLEMS

Mr. MANIER. Now our affidavits have been taking the witnesses up in the order in which they testified. But, Senator, because you were present and heard the testimony of Leo B. Helzel and Thomas, I am going to take his testimony up, with which you are familiar, and give you the rebutting affidavits for them.

¹ See Affidavit No. 15, appendix, p. 3416. See also Affidavits Nos. 6-A, p. 3376; 9-A, p. 3406; 9-B, p. 3406; and Memorandum No. 9-C, p. 3413.

² See Affidavit No. 16, appendix, p. 3416. See also Affidavits Nos. 6-A, p. 3376; 9-A, p. 3406; 9-B, p. 3406; and Memorandum No. 9-C, p. 3413.

³ See Affidavit No. 19, appendix, p. 3417. See also Affidavits Nos. 6-A, p. 3376; 9-A, p. 3406; 9-B, p. 3406; and Memorandum No. 9-C, p. 3413.

⁴ See Affidavit No. 17, appendix, p. 3417. See also Affidavits Nos. 6-A, p. 3376; 9-A, p. 3406; 9-B, p. 3406; and Memorandum No. 9-C, p. 3413.

⁵ See Affidavit No. 20, appendix, p. 3418. See also Affidavit Nos. 6-A, p. 3376; 9-A, p. 3406; 9-B, p. 3406; and Memorandum No. 9-C, p. 3413.

⁶ See Affidavit No. 9, appendix, p. 3405. See also Affidavits Nos. 6-A, p. 3376; 9-A, p. 3406; 9-B, p. 3406; and Memorandum No. 9-C, p. 3413.

You will remember that Mr. Helzel testified that when he went there, the employees had only been working 2 days a week, that they were all gathered around a stove, and asked him, "You are a young fellow, are you looking for a job?" And he said, "No; I'm your boss," and then they all immediately flew to work, or something to that general effect. Now, I offer you some affidavits on that subject. I offer you first the affidavit of Odell Britt:¹

My name is Odell Britt, and at the present time I live at Jackson, Tenn. I am employed as assistant clerk in the Ordnance Department on the Wolf Creek ordnance plant. I have been employed on the Wolf Creek ordnance plant since February 5, 1941. I formerly was employed—

this is a Government employee, mind you—

in the constructing quartermaster's office as senior clerk in charge of time checkers on this project for the United States Government.

My attention has been called to the testimony of Mr. Leo Helzel before the Senate Investigating Committee in Washington, D. C., that when he came to the office on the project he found nobody at work, that they were standing around the stove doing nothing and told him he was a young man and should get a job, and on his introducing himself they all snapped to attention in regular Army fashion; that the employees in this office were only working 2 days per week; none of these statements are true.

I well remember the time when Mr. Helzel came on the job; at that time we were working 10 hours per day, 6 days per week and the office was operating efficiently. Mr. Helzel told me that he wanted to see everyone in the office and I had to go out on the project and bring in the employees of this office, who at that time were performing their respective duties in the field. When all had assembled Mr. Helzel introduced himself as "Hitler" Helzel and informed the employees that he had come down to run the job, that he had full authority to do anything he wanted to do.

It is absurd for Mr. Helzel to state that we only worked 2 days per week when as a matter of fact we worked 10 hours per day, 6 days per week, and always had a crew on Sunday, splitting the Sundays to be worked among the staff; we kept proper records and complete records before Mr. Helzel ever arrived on the job and looked after the interests of the Government on the project.

Now I will read the affidavit of Kathryn McConnell:²

My name is Kathryn McConnell and I live at Milan, Tenn. I was formerly employed in the chief timekeeper's office of the constructing quartermaster's office on the Wolf Creek ordnance plant. I went to work on or about February 18, 1941, and left the quartermaster's office on June 1, 1941.

I understand that Leo B. Helzel testified that when he came to the Wolf Creek ordnance plant he found the office force was only working 2 days per week; that they were standing around the stove and had nothing to do except keep warm and that he soon straightened out this situation and put them to work. None of this is true.

Before Mr. Helzel came on the job we had been working 8 to 10 hours per day, 6 days per week, and worked many nights.

When Mr. Helzel arrived he called a meeting and had all of the field men brought into the office. He then got up and made a speech in which he told us all that "I am just another Hitler, I am 'Hitler' Helzel, I have come here to run this job and I have full authority to do anything I want to do."

It is ridiculous for Mr. Helzel to state we had only worked 2 days per week when, as a matter of fact, we had worked hard 10 hours per day, 6 days per week, and kept proper and complete records before he ever arrived.

After Mr. Helzel took charge of the office he would not talk to any of the employees. Any employee who wanted to say anything to him or talk to him was required first to write it out and place it on his desk. His attitude at all times was arrogant, overbearing, and insulting.

¹ See Affidavit No. 110, appendix, p. 3670. See also Affidavit No. 110-A, appendix, p. 3670.

² See Affidavit No. 109, appendix, p. 3669. See also Affidavit No. 109-A, appendix, p. 3669.

Acting Chairman MEAD. That young lady left the service, evidently, according to that affidavit. He terminated her employment?

Mr. MANIER. Yes, sir.

Acting Chairman MEAD. Where did she go after that?

Mr. MANIER. You see, I am not familiar with the facts, except—

Mr. FULTON (interposing). Mr. Helzel, are you, with respect to that letter?

Mr. HELZEL.¹ Mrs. McConnell is a very fine lady. It happened that she was just very ill. It was suggested to me that because of the condition of her health she undergo the regular medical examination as given to all employees at the plant. Mrs. McConnell was very, very frightened at taking the medical examination. It just so happened, I might say, that occurred on orders of the authorities in Washington to reduce the force. As a result of that Mrs. McConnell's employment was terminated.

With regard to my being "Hitler" Helzel, I smiled very greatly at that because of the fact that I am of the Jewish faith, and far be it from me to be a little Hitler at least.

Mr. MANIER. Do you deny that you made the statement that you were "Hitler" Helzel?

Mr. HELZEL. I don't deny the statement.

Mr. MANIER. You did make the statement?

Mr. HELZEL. Positively, sir. I also made the statement in the same tone I am talking to you, just the same as you might call me the Jewish Hitler. You can take any evidence that you want to and twist it and turn it. It just so happens that Mr. Britt, while in the service of the Government was a good worker; however, he was terminated due to the fact that he came drunk on the job. Now, I don't blame anybody for being a little angry when they are terminated, and I would like to have included in the record letters from my subdepartment heads, who actually described the conditions when they were on the job. Such records are available in the files of the constructing quartermaster, who sent progress records to me just the same way that I made a progress report to Mr. Thomas.

With regard to their working 10 hours a day, there isn't one bit of evidence that can be found in the accounting records where a force of 26 people can produce 10 hours' work a day. There isn't one scrap of paper, there isn't one work sheet which the field men can testify to and which they can submit as a record. There isn't one bit of it. If they were out 10 hours a day, why they must have been out talking to people, for the reason that actually in the form of concrete work papers and time sheets, my field checkers were bringing nothing in.

That is my explanation.

Acting Chairman MEAD. Is it true that you fired these employees who have turned in these affidavits?

Mr. HELZEL. I fired none of these employees. They were terminated, not by me but by orders of the authorities in Washington, and we had just to cut our list. As far as firing them is concerned, the answer is no.

Mr. MANIER. There is nothing in the record that they were fired and, as a matter of fact, some of them were not fired. As far as I know, none of them were.

¹ Leo B. Helzel, whose testimony appears *supra*, pp. 3075-3091.

Mr. HELZEL. Just a moment. In addition to that, Mr. McCarren, my predecessor, roomed in Mrs. McConnell's house, and that probably would give a little of the idea.

I would like to be called upon by the committee with reference to any statement Mr. Manier might make, so that at least one of the people whose characters are being touched on may have an opportunity to talk back a little bit. I think if Captain Kibler were here, he would have an opportunity, too. It is unfair for accusations to be made without an opportunity to get up and tell the true story.

Mr. MANIER. There are several of them we would like for him to tell.

Mr. MANIER. Then the affidavit of L. D. Nowell:¹

My name is L. D. Nowell and I am employed at the present time by the Procter & Gamble Defense Corporation at the Wolf Creek ordnance plant. I was formerly employed as senior clerk in the timekeeping department of the field auditor division of the constructing quartermaster's office. I assumed my duties with the constructing quartermaster's office during the first part of February. My attention has been called to the testimony of Mr. Leo Helzel before the Senate Investigating Committee in Washington, D. C., that when he came to the project he found no one in his office at work; that they were standing around the stove doing nothing and told him that he was a young man and should get a job; that upon introducing himself they all snapped to attention in regular army manner; that at the time he appeared on the job the employees of this office were only working 2 days per week. I was one of these employees and this statement is not true.

I remember the day when Mr. Helzel came on the job. We knew that he was coming and expected him. We were working on the job 6 days a week, 8 to 10 hours a day and worked many nights, and had been doing this long before Mr. Helzel ever appeared. We kept full and complete records and were operating efficiently.

I call Mr. Helzel's attention to that in the affidavit:

We kept full and complete records and were operating efficiently.

This is the chief clerk in that department. Mr. Helzel testified there were no records. He says:²

We kept full and complete records and were operating efficiently.

Mr. Helzel from the beginning assumed a very arrogant and overbearing manner. Upon appearing he called a meeting and introduced himself to the employees as "Hitler Helzel." He stated that he had come down to run the job and that he had full authority to do anything that he wanted to do.

You remember Mr. Helzel's father was employed, as he testified, and he put into the record gratuitously that he did nothing but swat flies, and made the headlines in all the newspapers. I now give you the affidavit on the duties of Mr. Helzel's father. He was working with a crew of two men, two Negroes. Curiously enough, one of those Negroes, in view of the fact that this was the Procter & Gamble Defense Corporation, was named Ivory White. He is 99 44/100 percent pure, but I read you these affidavits on the subject, first, of James Grey, colored.³

My name is James Grey and I am employed by the Ferguson-Oman Co. in the sanitation department and my duties are sterilizing drinking-water barrels, kegs, and boots. I also take care of approximately eight garbage cans a day and look after the cleaning up of the yard at the sanitation department.

¹ Affidavit No. 111, appendix, p. 3671. See also Affidavit No. 111-A, appendix, p. 3672.

² Ibid.

³ See Affidavit No. 112, appendix, p. 3673. See also Affidavit No. 112-A, appendix, p. 3674.

I knew Mr. Phillip Helzel who worked in the sanitation department, and he was my immediate superior. I worked 8 hours a day and was kept busy all the time and Mr. Helzel also worked and was kept busy during this time.

We sterilized all the boots that were used each day and exchanged the clean boots for the used ones the following day. We also sterilized the water barrels and kegs used for drinking water on the area. When we were using water freely during the hot months we sterilized from 150 to 200 barrels daily, and approximately 120 pairs of boots per day and this kept our crew very busy.

I have been told that Mr. Leo Helzel testified before the Senate investigating committee that all his father, Mr. Phillip Helzel, did was swat flies. This statement is not true. Mr. Helzel and all of us worked very hard and I never saw him kill a fly at all. None of us killed flies, as we had all we could do to do the work that was necessary each day.

Acting Chairman MEAD. It sounds like that fellow went to law school.

Mr. MANIER. (Reading):¹

Personally appeared before me W. Senter Fields, Jr., who being duly sworn deposed as follows:

My name is W. Senter Fields, Jr., and I am employed by the Ferguson-Oman Co. on the Wolf Creek Ordnance Plant and the Milan ordnance depot, in charge of the shifts at the sanitation department of this project. The Ferguson-Oman Co., in the operation of this project, received instructions and recommendations from the Tennessee State Health Department which included the requirement of sterilization of rubber boots on the project after each day's wear; they further included the sterilization of the water barrels on the project which contained drinking water for the various crews and laborers. These instructions were carried out.

My attention has been called to the testimony of Mr. Leo Helzel before the Senate investigating committee, in which he stated that the principal occupation of his father, Mr. Phillip Helzel, while employed by the Ferguson-Oman Co., was killing flies. This silly assertion is not true.

Mr. Phillip Helzel worked under my supervision. We had approximately 950 drinking-water barrels on the area, and it was necessary to sterilize these at least once a week and, therefore, many of the barrels were sterilized each day as it would have been impossible to sterilize them otherwise. In addition to sterilizing the boots and barrels, a part of the time Mr. Helzel collected the boots from the various superintendents of the different areas and exchanged cleaned and sterilized boots for the used ones. Further, a part of the this time Mr. Helzel also engaged in looking after the ice house which was used for the distribution of ice to what was know as floating crews who traveled about in trucks and who were unable to drink from the barrels which were placed at fixed points.

The workmen in the marsh areas and the workmen following rain wore rubber boots and we sterilized approximately 120 pairs per day. This was done, of course, to prevent the spread of foot diseases as well as to prevent the possible spread of venereal disease. It was possible to sterilize and we did sterilize about 20 pairs for each one and a half hours.

In addition to the sterilizing of rubber boots, Mr. Phillip Helzel also had to work on the sterilizing of approximately 950 drinking water barrels. This man was kept busy and rendered satisfactory services on the job. A statement that he was kept busy killing flies is absurd, as will be seen from the duties required.

And then the testimony of Martin Nesbitt, colored:²

My name is Martin Nesbitt and I live in Milan, Tenn. I am employed by the Ferguson-Oman Co. in the sanitation department and my duties are sterilizing boots and drinking-water barrels and kegs, and I help clean up the sanitation department building and the yard. I worked at the sanitation department when Mr. Phillip Helzel was my immediate boss. We sterilized about 120 pairs of boots per day, or something like that, and sterilized about 150 to 200 water barrels each day. There were two of us boys worked on one shift with Mr.

¹ See Affidavit No. 113, appendix, p. 3675. See also Affidavit No. 112-A, appendix, p. 3674.

² See Affidavit No. 114, appendix, p. 3675. See also Affidavit No. 112-A, appendix, p. 3674.

Helzel. We were all kept very busy, including Mr. Helzel in getting this work done.

I understand that Mr. Leo Helzel testified before the Senate investigating committee that his father, Phillip Helzel, was kept busy swatting flies. This is not true, as I never saw Mr. Helzel swat flies and none of us ever swatted a fly as we were all busy turning out the work assigned to us and had to work hard to get it out.

And now I come to the testimony of Ivory White, colored:¹

My name is Ivory White and I am at the present time working for the safety department of the Ferguson-Oman Co. I formerly worked in the sanitation department under Mr. Phillip Helzel, and my duties were sterilizing about 120 pairs of boots per day and something like 150 to 200 water barrels and kegs each day. On one shift I was employed on this work with another man and Mr. Phillip Helzel. All three of us had to work hard to get the barrels and boots sterilized and properly arranged and accounted for.

I understand that Mr. Leo Helzel made a statement before the Senate investigating committee that his father, Mr. Phillip Helzel, was kept busy killing flies. This is not true. During the entire time that I worked for Mr. Helzel I never saw him kill a fly at all. None of us killed flies or even thought about killing flies as we had all we could do to get our work done.

Now I come to the matters of really more importance in this thing, although I do submit that even for "Hitler Helzel" to make that statement in this record, in view of that testimony, was at least a reckless statement.

Affidavit of Mr. F. S. Cupps, who is employed as director of personnel at the Wolf Creek ordnance plant:²

My attention is called to the testimony of Mr. Leo Helzel before the Senate investigating committee in Washington, D. C., with reference to the employment of his father on the project. His father, of course, was employed and performed satisfactorily the duties assigned to him. It is a wild and silly statement for Mr. Helzel to make that his father performed the duties of killing flies. Some time after a general order to reduce the administrative pay roll, or about that time, Mr. Helzel called on Mr. Miller, and, in my presence, asked Mr. Miller to continue his father on the job. A statement that he made at that time was "because it was the first time his father had been happy with his work in the past 10 years."

Then I have the further affidavit of F. S. Cupps here in which he attaches as exhibits the complete employment record of Mr. Helzel's father, showing all the details of it as exhibits, and incidentally that shows the care which is taken in all employment, because there is the procedure that is necessary to go through in making the employment.³

Then I have the affidavit of Mr. C. D. Walker:⁴

My name is C. D. Walker and I am employed by the Ferguson-Oman Co. as a sanitary inspector in the sanitation department of the Wolf Creek ordnance plant and the Milan ordnance depot. Formerly I was in charge of the sanitation department. I understand that Mr. Leo Helzel, in testifying before the Senate investigating committee in Washington, D. C., referred to Mr. George W. Brewer as being a foreman in charge of water barrels. During the time I was superintendent in charge of the sanitation department, Mr. Geo. W. Brewer worked under me. The sanitation department not only has charge of the sterilizing of the water barrels, which water barrels are used for the drinking water of the various crews and laborers all over the project,

¹ See Affidavit No. 115, appendix, p. 3676. See also Affidavit No. 112-A, appendix, p. 3674.

² See Affidavit No. 116, appendix, p. 3676. See also Affidavit No. 112-A, appendix, p. 3674.

³ See Affidavit No. 117, appendix, p. 3677. See also Affidavit No. 117-A, appendix, p. 3681.

⁴ See Affidavit No. 118, appendix, p. 3682. See also Affidavit No. 118-A, appendix, p. 3682.

but had further charge of the icing and keeping water in these barrels. There were approximately 950 such barrels in use on this large defense project.

Mr. Brewer was foreman in charge of the icing of these barrels.

As an illustration as to the amount of ice needed during the hot weather for the thousands of laborers during the months of May, June, and July, our record shows that 2,399,820 pounds of ice were used.

Senator, if you have been down in west Tennessee in summer you know how hot it is.

Mr. Brewer performed the duty of seeing that each barrel was properly iced, and, further, in some remote places and hard places to get to, Mr. Brewer, in a pick-up truck, would carry the ice to the barrels. During the hot months there were two shifts kept busy providing the ice for laborers and Mr. Brewer attended to his duties, and his services were satisfactory and he was kept busy.

Then the affidavit of John Taylor:¹

My name is John Taylor and I am employed by the Ferguson-Oman Co. as superintendent of transportation. At the present time I live at Milan, Tenn., and work on the Wolf Creek ordnance plant and the Milan ordnance depot. I understand that Mr. Leo Helzel, appearing before the Senate investigating committee on November 26, 1941, testified that I was a son-in-law, cousin, or relative of Mr. John Oman, Jr., one of the prime contractors on the Wolf Creek ordnance plant and the Milan ordnance depot. This statement is not true. I am not related in any degree, either by blood or marriage, to Mr. John Oman, Jr., any of the Oman family, or any relative of Mr. John Oman, Jr., or any of their relatives, and such a statement made by Mr. Helzel is absurd.

Now, I have the affidavit of C. J. Sullivan, Jr., rebutting a statement of Mr. Helzel in the record that, had it been true, would have been important:²

My name is C. J. Sullivan, Jr., and I am employed by the H. K. Ferguson Co. on the Wolf Creek ordnance plant and the Milan ordnance depot as senior field engineer and liaison officer.

I understand that Mr. T. D. Thomas—

the affidavit says, but as a matter of fact it was Mr. Helzel, as I understand it, that made the statement—

testified before the Senate investigating committee in Washington, D. C., on November 26, 1941, that a report from the Ferguson-Oman Co., prime contractors on the Wolf Creek ordnance plant and the Milan ordnance depot and the H. K. Ferguson Co. engineers on said project, which report gave the names and salaries of employees who made in excess of \$6,000 was never received.

I think it was Mr. Helzel who testified to that.

I mailed this report on March 21, 1941, to the constructing quartermaster at that time on this project. Thereafter, no inquiry was ever made with reference to this report. This report was received by the constructing quartermaster, who was the superior of Mr. T. D. Thomas—

and, of course, of Mr. Helzel.

I attach hereto and make exhibit 1 to this affidavit, a true copy of this report dated March 21, 1941, bearing file No. QM-248-AC-Ad.

The testimony of Mr. Thomas—

or I think it was Mr. Helzel—

in this connection was not correct.

¹ See Affidavit No. 119, appendix, p. 3684. See also Affidavit No. 119-A, appendix, p. 3684.

² See Affidavit No. 120, appendix, p. 3686. See also Affidavit No. 120-A, appendix, p. 3691.

And attached to that is the copy of the report which was filed and dated and marked as described in the affidavit.

Now I come to another matter which even Mr. "Hitler" Helzel can't controvert the fact that he testified falsely in this record, because you will recall his testifying to the fact that he himself had put on the back of the time cards the section from the Criminal Code, and I am going to read you an affidavit showing that that was on there before he got there, and attached to the affidavit is a photostatic copy of one dated prior to that time, thereby, by documentary evidence, convicting Mr. Helzel of having sworn falsely on this subject. I am sure the chairman of the committee will remember that, because that runs through quite a good deal of the record.

This is the affidavit of Mr. W. A. Walsh.¹

My name is W. A. Walsh, and I am employed by the Ferguson-Oman Co. as chief accountant in the Wolf Creek ordnance plant and the Milan ordnance depot. When this project was started I came to the scene of the project at the beginning, that is, on January 25, 1941.

I understand that Mr. Leo Helzel testified before the Senate investigating committee in Washington, D. C., on November 26, 1941, that when he arrived on the job he found that section 35 of the Criminal Code has not been printed on the back of the daily time card, and that he took credit for having the same printed thereon. This statement is not true, as will be hereinafter shown.

These cards were ordered early in February 1941, with the requirement that section 35 of the Criminal Code of the United States be printed on the back. This order was given to the International Business Machine Co., whose machines are used in the pay-roll department, after conference between their representatives and a representative of the Ferguson-Oman Co. The same card, bearing section 35 of the Criminal Code, had been used on the Camp Forrest and this was, of course, well known to the International Business Machine Co. and representatives of the Ferguson-Oman Co., and Mr. Helzel had not even the most remote connection with this.

As a matter of fact, these cards were received and were in use, bearing section 35 of the Criminal Code on the back of same, before Mr. Helzel ever came to the Wolf Creek ordnance plant or the Milan ordnance depot. Mr. Helzel came to the project for the first time on March 14, 1941, to assume his duties in the constructing quartermaster's office, and I attach hereto a photostatic copy of a daily time card dated March 3, 1941, and signed by the employee's foreman, bearing section 35 of the Criminal Code on the back of same. This card was dated and used 11 days before Mr. Helzel arrived on the project, and is made exhibit 1 to this affidavit.

And attached to the affidavit is the photostat of the card, showing its date, and a photostat of the reverse side of the card, showing the Criminal Code printed on there. So that the statement made by Mr. "Hitler" Helzel that he was responsible for that is documentarily established to be untrue.

Mr. KINGSLEY FERGUSON. There is another more important point in there. The question, as I recall it, during the testimony was more to the effect, was the time of every individual man attested to by his foreman? Mr. Helzel stated that his signature was on there but that in no way it indicated the foreman's guarantee that the man was there.

I would like you to know that on that card the space provided for the foreman's signature is entitled "foremen's approval." Therefore, if anybody wasn't working on that project, the foreman was

¹ See Affidavit No. 121, appendix, p. 3691. See also Affidavit No. 121-A, appendix, p. 3694.

liable under the terms of this code as printed on the back, and every foreman knew that.

Acting Chairman MEAD. That code was universally used?

Mr. KINGSLEY FERGUSON. Yes, sir. It was on every man's time card. Every man gets a time card when he comes to work. His presence was attested to and the work indicated on his time card approved by his foreman and the time checker in the field. Therefore, you have two men attesting to the fact that that man was there and worked.

Acting Chairman MEAD. And that code was printed on the time cards from the very beginning of the project and on all time cards?

Mr. KINGSLEY FERGUSON. Yes, sir.

Mr. FULTON. When were those cards first received on the project?

Mr. KINGSLEY FERGUSON. Those cards were first received on the project, I believe, along in the latter part of February.

Mr. FULTON. They were used during the latter part of February?

Mr. KINGSLEY FERGUSON. They were used from the latter part of February on.

Mr. FULTON. What was used between the time of January 25 and the latter part of February?

Mr. KINGSLEY FERGUSON. We had to use a manual system up to that time, because we could not get delivery of the I. B. M. machines for the I. B. M. procedure up until about the latter part of February.

Mr. FULTON. And in that system, was there any reference to that section 35 of the Code?

Mr. KINGSLEY FERGUSON. It was posted throughout the project.

Acting Chairman MEAD. But it wasn't on the cards?

Mr. KINGSLEY FERGUSON. No, sir; I don't believe it was. There were very few working and inasmuch as we were planning to use this other system, we posted in every area where everybody was working, as we were required to do, a poster containing the provisions of this Criminal Code.

Mr. MANIER. The chairman of the committee will remember, too, some testimony by Mr. Helzel to the effect that a Mr. McCarren, who had been employed by the Government, was taken over by the contractor and that during the time he was working for the contractor, he received double pay. I have the affidavit of Mr. J. T. McCarren on that subject, which I wish to read.¹

My name is J. T. McCarran and I am employed by the Ferguson-Oman Co. as chief property officer. At the present time I am living at 206 Eighth Street, Trenton, Tenn. Before coming to work for the Ferguson-Oman Co. I was employed for some 6 years by the United States Government. I worked on various construction projects.

I came to the Wolf Creek ordnance plant as chief time inspector in the constructing quartermaster's office and worked there until March 13, 1941, when I left the services of the Government and was employed by the Ferguson-Oman Co. I left the constructing quartermaster's office to go to work for the Ferguson-Oman Co. with the full consent and approval of the constructing quartermaster, my superior. There was nothing irregular about my being employed by the Ferguson-Oman Co. and any intimation to the contrary is an absolute untruth.

At the time I left the services of the Government I was entitled under the law and the regulations of the War Department to approximately 30 days annual

¹ See Affidavit No. 122, appendix, p. 3694. See also Affidavits Nos. 122-A, p. 3695; 122-B, p. 3699; 122-C, p. 3700; 122-D, p. 3702; and 122-E, p. 3704.

leave, which had accrued over a period of 6 years. This leave was granted me because the transfer to the Ferguson-Oman Co. was made without prejudice. I was entitled to this 30 days leave under the law and of course was paid for same.

I understand that Mr. Helzel, who testified before the Senate investigating committee on November 26, 1941, in Washington, testified that the employees under me in the constructing quartermaster's office when he arrived were only working 2 days a week and that the condition of the records of my office were in poor condition. Both of these statements are absolutely untrue. The employees under me worked efficiently 6 days a week and the records in my office were properly kept, as required by the rules and regulations of the War Department and my superiors. All pay rolls submitted during my employment with the Government were forwarded to the zone finance office and were duly and properly approved.

I further understand that Mr. Helzel also testified that I was so busy trying to obtain employment with the Ferguson-Oman Co. that I could not perform my work for the Government. This is absolutely not true and Mr. Helzel did not even come on the job until after I had severed my connection with the Government, without prejudice and with the approval of my superiors.

I further understand that Mr. Helzel testified or intimated that the employment of my wife by the Ferguson-Oman Co. was irregular. My wife was employed by the Ferguson-Oman Co. and is an efficient employee. The reason she is carried on the pay roll under her maiden name of Thelma Schultz is that it was in this name that her social security record was carried.

You will remember that Mr. Helzel insinuated that there was something suspicious.

There was nothing irregular about her employment, nor was there or could there have been any effort to conceal her identity.¹

Personally appeared before me, the undersigned authority, F. S. Cupps, who being duly sworn, deposed as follows:

My name is F. S. Cupps, and I am employed by the Ferguson-Oman Co. as director of personnel at the Wolf Creek ordnance plant and the Milan ordnance depot.

I understand that Mr. Helzel testified before the Senate investigating committee in Washington that Mr. Guy B. Panero, assistant project manager, was one of the three key men drawing \$9,000 a year, who was not an employee of either the Ferguson or the Oman Co. prior to the time of the beginning of the project, which testimony is found on pages 2718 and 2721 of the record.

You were interrupted, Mr. Chairman. I was meeting the testimony of Mr. Helzel that Mr. Guy B. Panero, assistant project manager, was being paid \$9,000 and was one of the three key men on the project who had not been an employee of either the Ferguson Co. or the Oman Construction Co. before he came on the job. This is the affidavit of Mr. Cupps, who was director of personnel.²

This is another statement that is absolutely untrue. Mr. Guy B. Panero, a very prominent engineer and one of the leading engineers of the country, was in the employ of the H. K. Ferguson Co. before the Wolf Creek ordnance plant or the Milan ordnance depot.

Mr. John McInerney, another one of the key men referred to, is a prominent builder, having held responsible positions in the constructing of the Empire State Building and in the construction of the World's Fair, and has a long, successful, and honorable record in the construction industry.

So ends the rebuttal to the testimony of Mr. "Hitler" Helzel.

Mr. KINGSLEY FERGUSON. There are some things I would like to add in there.

¹ See Affidavit No. 123, appendix, p. 3705. See also Affidavit No. 123-A, p. 3706.

² Ibid.

Acting Chairman MEAD. Before you add anything into the record, as one interested in Government personnel and their relations to the Government, and not at all with reference to Mr. Helzel's testimony, I believe that there is a slender reed of misunderstanding possible in Mr. McCarren's transferring from the quartermaster position to the assignment that was given to him by the contractor at an increased salary, drawing pay from the Government and from the contractor for at least a period of 30 days.

Under the law, a Government employee, accumulating his sick leave or his vacation time, cannot collect that if transferring from one Government activity to another.

Mr. MANIER. To another Government project. That is correct.

Acting Chairman MEAD. In view of the fact that the Government was paying him—no matter whom he worked for, the money was coming out of the Government—it is questionable if he should have been allowed that back time, because he was actually drawing a salary from the Government indirectly and he was also drawing a salary from the Government directly. A Comptroller's decision might place him in an embarrassing position. However, if it wouldn't, I would be in favor of having it done, because I don't believe anybody ought to transfer while a project is in progress from a position where he is guarding the Government's interest to a position where he is no longer concerned with the Government's interest. I think that a time limit and perhaps a new project limit ought to intervene. It is an unethical procedure. If I had anything to say about it, he wouldn't draw his double pay.

Mr. MANIER. Of course, the Senator is far more familiar with the law on the subject than I am. I understand that a transfer from one Government project to another project results as the Senator understands.

Acting Chairman MEAD. That is correct.

Mr. MANIER. But in a project of this sort, where he went into the employ of the contractor, even though ultimately the contractor was reimbursed for the expenditure made to him, I understand that law doesn't apply. I may be mistaken on that, but that is my understanding.

Acting Chairman MEAD. My understanding is that the law doesn't apply, although I don't know anything about the decisions. There is a slight difference, too, between the employment of a former Government employee by a contractor who was the lowest bidder and by a contractor who was working on a fee, which is more or less working for the Government on what might be called a salary.

Mr. MANIER. I can see how that can be so. It is further my understanding, which I think Mr. Kingsley Ferguson can elaborate, that in this case the whole arrangement was done, with the full knowledge and approval of the Government officials on the job, with the contractor for the purpose of efficiency. This man was a well-trained man in the very job that he did. While he was paid by the Ferguson-Oman Co. and they were reimbursed for his salary, nevertheless he performed functions which he had been well trained to perform that resulted in protecting the Government, and that was done with the idea that it put a suitable man there in the key position of protecting the Government and that he could be as effective in actually

doing the work or more effective than he would have been in checking it, because he did the same duties as a Government employee—he merely checked the things that he actually did as an employee of Ferguson-Oman, so that he was really employed to take care of the same situation in the employ of Ferguson-Oman that he would have taken care of in the employ of the Government.

Now, would you elaborate on that?

Mr. KINGSLEY FERGUSON. I wasn't listening.

Acting Chairman MEAD. However, in other departments of the Government, where I believe their supervision of constructural work is more efficient, an employee on the project would not be permitted by his superior, by reason of orders already issued, to transfer his loyalty from the Government to the contractor. It is unethical.

Mr. KINGSLEY FERGUSON. I am not sure about this, but we have had several instances of that particular kind—not in our case alone, but in the shift of personnel from the Procter & Gamble Defense Corporation, and so on. They are taking over some of the men who operate the plant now, where that very thing has come up. In each instance, as far as I know, it was submitted through the zone to the General Accounting Office for decision.

But there is a little more background in the McCarren incident which I think is the important crux of the point. It was felt that the Government's interest could be looked after by having Mr. McCarren on our pay roll due to the fact that he was intimately familiar, from years of past experience, with the methods of property control which ordinarily we would not use on a private job, and by that I mean under this contract we are accountable for tools and small pieces of equipment which normally, under a private job, we would assume, it is a waste of expense to keep track and would charge it off just as you would charge off a certain percentage of bad debts. We charge off a certain amount to lost tools, 3 or 4 percent of their valuation, and forget the accounting, because the accounting costs more than you lose, see? But under this procedure, the Government requires us to keep such minute track of all the small items that we are literally forced into it, and rather than charging them off as a lump sum and forgetting about them, we had to set up a department of very careful property control.

Mr. McCarren was intimately familiar with that particular procedure, and it was decided that it was in the best interest ultimately of the Government to have him perform that.

Acting Chairman MEAD. I don't direct my criticism particularly toward your organization or toward this individual project, but as a matter of policy, I think it is bad for the Government to sanction transfers from the Government to the local contractor, and it is always complicated by further considerations of employment of relatives and of friends, which weakens the standing of the contractor in the estimation of the investigator and has a reflection on the integrity of the job. It is a bad practice.

Mr. KINGSLEY FERGUSON. I think very shortly thereafter an order did come out, after the C. Q. M. had hired Mr. Harrison, which prevented that interchange of personnel.

Acting Chairman MEAD. Any man who goes to work for the Government ought to know that he isn't going to be given a better job at

more money if he ingratiates himself into the company of the contractor.

MR. KINGSLEY FERGUSON. I think that is a fair statement, sir.

Acting Chairman MEAD. That would protect the contractor.

MR. STIRTON OMAN. We had to sign an affidavit on May 31, in negotiations for the Milan ordnance depot, to the effect that we would not employ any former Government employees off that project and put him on our own pay roll. That came out on the 31st day of May.

MR. MANIER. That was, of course, subsequent to the time we are talking about.

Acting Chairman MEAD. That is right.

MR. MANIER. Because the chairman heard the testimony of Mr. Thomas, we will go to that.

MR. KINGSLEY FERGUSON. Mr. Manier, there are some other important points that aren't cleared up in there. Mr. Helzel made the statement and estimated that approximately 33 $\frac{1}{3}$ percent of the employees on our job were misclassified. Now, the classification of employees on this work is a very complicated procedure which would take hours to explain to you. But briefly it is this:

When I arrived at the job I had with me a certified list from the Department of Labor giving me 20 classifications in which I could employ men and prescribing the rates of pay for each of those classifications. For example, not included in that list were reinforcing-rod men, who place the reinforcing steel in concrete. It became necessary to develop this list of classifications from 20 to, I believe, 96 classifications, in order to cover blacksmiths and all of those—hod carriers and all the items of classifications that weren't listed in that original 20.

The procedure for establishing those classifications, as Mr. Helzel knows, is quite a complicated one. We are required to go out and solicit statements from unions, from surrounding jobs, from other contractors, describing each classification and the rate of pay which prevails in the area for that classification. A request is made for that classification at the rate indicated by the factual evidence, and that is submitted, in many copies, to the constructing quartermaster, and it ultimately gets down to Washington here, and apparently they confer with the Labor Department and maybe 4 or 5 weeks later we get back approval of that classification. At that time, however, the C. Q. M. had powers temporarily to approve classifications.

Now, the 96 classifications which we have today are not even too many. T. V. A., which is another governmental agency operating in the region, has more than twice that many.

To give you some specific examples of legitimate misclassifications, we have a reinforcing steel fabricating shed out there, and the drawings will come from our engineering department, and we found by experience that we couldn't have this work done outside and get our deliveries on time. We brought the steel in in straight bars into our reinforcing shed and bent them there. It has to be bent according to a diagram.

MR. FULTON. On a bending table?

Mr. KINGSLEY FERGUSON. Yes; on a bar-bending table; that is right. We have a bar-bending machine, a machine which turns them out on a production basis.

We happened to have in that reinforcing gang a man who could take these plans and produce the diagrams from which the other mechanics in the group could work. In other words, where they have a bar 6 feet long and it has to be bent in an L or a complicated shape, they give him this diagram and he fabricates, for example, 150 of those. This particular man, at a reinforcing-rod man's rate, was capable of doing that. Ordinarily we would have to pay an engineer considerably more money than we paid this man to do that. So it was the custom out there to bring this man in. We gave him a table right there in the shed and gave him the drawings, and part of his time he would spend preparing those diagrams.

It was reported to us later by the C. Q. M. timekeeping department that that man was misclassified, and it was part of the timekeeping department's duty to inform us of those cases. Consequently, an investigation was made, and it was determined to leave the man stay just as he was.

Another example of it was that we haven't been able to get any data on painters' apprentices. In other words, during the last 10 years there haven't been any painters' apprentices in Tennessee and, consequently, we can't get the Department of Labor to establish a classification for that. We have painters' apprentices out there working at laborers' rates, and consequently there are a number of legitimate misclassifications.

It was the original intention of the then C. Q. M., Captain Horridge, and of our officials and executives that we would, from a standpoint of broad policy, operate the job in this manner: In effect, we would carry the ball and do the work. Our men were completely absorbed in the routine work of getting out every day's affairs and keeping the project moving. Here was the C. Q. M. with a staff over here of then between 250 and 300 people, whose duty it was to report to us refinements and rerefinelements of our organization and incidents out of line with the general, main, over-all scheme. We planned deliberately to use the entire C. Q. M. personnel as a staff for refining our own operations to the point where they ultimately became perfect.

Therefore, it became Mr. Helzel's duty as timekeeper to report all of these irregularities. I have since checked back about the famous report in which he lists so many misclassifications, and quite likely there were some misclassification for the reasons I have explained, but there is no record in either the C. Q. M.'s files or our files that that thing ever went through the channels and came down through our project manager and myself for distribution and orders to our personnel.

The customary routine in my position as assistant to Mr. Atkin was to get the morning's mail, with all of these official complaints, and then to distribute them to the members in our personnel, with instructions in detail as to what to do about each one of the many, many matters that came up daily. The stack of mail that comes in daily for distribution of that sort is that high.

Mr. MANIER. For the record, how high is that?

Mr. KINGSLEY FERGUSON. I would say about a foot high. And it keeps me, with two stenographers, busy all day long, sometimes 12 and 16 hours, to get the routine information out.

Had that report come through us (and it was never seen by anyone of our official personnel), it would have received attention, because Mr. Helzel is conscious of the fact that there were some necessary misclassifications at that time and it was his duty to get that back to us through the official channels so that all would be familiar with it.

He did, however, as he states, take it over to Mr. Cupps, and he had no business in giving it to Cupps. It should have come right through the project manager and down to me, and I would have given Mr. Cupps orders.

Acting Chairman MEAD. I want to say that I have only a few minutes before lunch time to give to you, and if you have anything that you would like to get in the record especially, I would like to have you get right at it now and put it in, and then you can submit at any time any of this controversial information that may not be as vital.

Mr. MANIER. We think it is all vital, that one part is as vital as another.

Acting Chairman MEAD. You can submit it all right now, if you want to, for the record, every bit of it, or you can proceed until 5 minutes to 1, when I will have to leave.

Mr. MANIER. Yes, sir; and then we will continue—

Acting Chairman MEAD (interposing). Go right ahead.

Mr. FULTON. We will continue with the contractor's witnesses.

Mr. MANIER. We had been told, and it is repeatedly through the record, that we are of this disposition, Senator. We have had witnesses in minor capacities here, like our friend "Hitler" Helzel, who have gratuitously made innuendoes and insinuations that we say are false. We feel that those are in the record and will be in the printed record. We have a refutation of those just as fully as we have had them on Mr. Helzel.

Mr. FULTON. The refutation will all be in the printed record.¹ Senator Mead's suggestion was that you incorporate in the record everything you now have in mind putting in and that you call now, if you want to, attention to any specific part of the affidavits.

Mr. MANIER. Of course, Senator, we have this in mind, too. This is going to be a rather large record, and knowing the duties that the Senators must necessarily have, you are not going to have the opportunity to read this, and we want it heard as the evidence was heard that it refutes.

I could, if you prefer and if the members of the committee were too busy to hear it, dictate it here, and I am abbreviating it here some, too. You understand that. I mean that is with a view to reducing the printed record.

But we do feel that, as much of this testimony has been, where charges are publicly made, under oath, we have the equal right to make a public refutation of them.

Mr. FULTON. You have, of course, and that is why it will all be put in the record. What you have done this morning is to read, in large

¹The entire file of affidavits submitted for the record by the Ferguson-Oman Co. is included in the appendix. They are numbered from 1 to 137, and appear on pp. 3367 to 3730.

part, some of it four or five times, from the testimony in affidavits, all of which will be in the public record tomorrow morning.

Mr. MANIER. In the printed record tomorrow morning?

Mr. FULTON. Yes. And you have had three sessions with the committee, which is longer than any other person has taken on any matter before the committee.

Mr. KINGSLEY FERGUSON. Mr. Fulton, may I make an observation here so that you will understand our feeling on the thing? My father and I for 20 years have built up a reputation of outstanding leadership in the field of industrial construction.

Mr. MANIER. As also has the Oman Construction Co.

Mr. KINGSLEY FERGUSON. As also the Oman Construction Co.

Just a minute, please.

Mr. FULTON (interposing). The committee proposes to hear your father and Mr. Oman tomorrow, but this is the question of reading the affidavits.

Mr. KINGSLEY FERGUSON. The charges made by witnesses preceding us have been made before the public press.

Mr. FULTON. So are the affidavits.

Mr. KINGSLEY FERGUSON. The thing that we are interested in is getting a refutation of those charges publicly in front of the press likewise so that our position can be vindicated.

Mr. FULTON. I think then you misunderstand, and so does your attorney. The public press has complete access to the entire record. Senator Mead was proposing simply that it all be printed, and put in the record, and that you call attention particularly to parts.

Acting Chairman MEAD. I thought that you might have something that you would want to get in, in keeping with the continuity of your story, because I must leave now and I am sure if your reputation has been such for the past 20 years, and in view of the fact that you have probably had three times as much time as those that have made the accusations, that if we give you four and five times as much time, you will be able to straighten out the reputation of your company. But you won't want much more time than that. So I was just suggesting if you had any affidavits that you want to give——

Mr. MANIER (interposing). I have many of them here. I have them arranged and we have had the assurances of the chairman of the committee——

Acting Chairman MEAD (interposing). All right.

Mr. MANIER. And repeatedly the attorney for the committee—it runs all through this record—has said——

Acting Chairman MEAD. Sure.

Mr. MANIER. That we could have whatever time is necessary——

Acting Chairman MEAD. We will give you all the time in the world.

Mr. MANIER. To present this case.

Acting Chairman MEAD. Do you want to put all the affidavits in the record right now so they will follow?

Mr. MANIER. I would like to, because I have them arranged.

Acting Chairman MEAD. Well, you go ahead and do that and then the committee will meet tomorrow morning.

Mr. MANIER. But we will have to do it in the presence of the committee, because there are instances where comments on these affidavits and proper testimony are necessary to supplement them. My files

are all arranged. You see, we have done just this. We have taken the testimony of each one of these adverse witnesses. What I am saying now is argument rather than testimony. As a matter of fact, while I have been here under the guise of a witness, at the request of the committee——

Mr. FULTON (interposing). Wait a minute, Mr. Manier, you are not here at the request of the committee as a witness; you are here at your own request.

Mr. MANIER. In any event, I am a witness at the request of the committee.

Mr. FULTON. At the request of the contractor.

Mr. MANIER. Let me finish the statement.

Mr. FULTON. Isn't it a fact we didn't request you as a witness at any time? You specifically asked for permission to put affidavits in the record, which we had no idea would take 3 days.

Mr. MANIER. May I answer that question? I did approach members of the committee, disclaiming any desire or any intention of doing anything to influence the judgment of the committee except as sworn testimony might influence it. I did explain to those whom I chatted with briefly that there had been made reckless, as we thought, charges with insinuations and innuendoes in them, for each of which we had a complete answer, and that we felt that if those charges—I would like to have the chairman's attention.

Acting Chairman MEAD. Go ahead. Proceed.

Mr. MANIER. That if we were given the opportunity we could meet by sworn testimony every single one of those insinuations, and very courteously and very graciously the members of the committee agreed that that could be done. The chairman has repeatedly announced through the proceedings that that could be done, and has said to me sometimes in my process of reading a memorandum, because I have tried to abbreviate, because I am anxious to save my time as well as the committee's time—the chairman has said, and I can point to repeated instances in the proceedings, "You can have all the time you want to present your answers to these charges and insinuations. Mr. Fulton has made the same statements and I can point out time after time of that. We have met those insinuations insofar as the testimony of three of the witnesses are concerned, but there are many other witnesses that equally have made those insinuations and many of them very much more important charges than these that we have met. I think if we are entitled to meet some of them, we are entitled to meet them all. We have them all here and we want the opportunity to meet them. We don't think that because we have been meeting those insinuations one after another that we ought to be cut off from meeting the ones that still remain in this record, especially in view of the fact that our preparation for the presentation of this case is based on that assurance; because my files are now so arranged that it requires an adequate presentation of this, to take them up and present them in the way that I have been presenting them, and in the way that I had been assured both off the record and on the record by the chairman of the committee and the attorney for the committee that I would be allowed to present them.

Acting Chairman MEAD. Yes; I would suggest that you put all the affidavits in the record right here so that they will follow in proper

sequence, and then the committee will meet again tomorrow at 10:30, and with reference to anything the chairman has said to you—wait a minute! With reference to anything the chairman has said to you about how you would answer all these accusations, whether he had in mind submitting the affidavits for the record so that they would be read by the full committee, I don't know.

Mr. MANIER. No, sir; he did not.

Acting Chairman MEAD. Or so that you could read repetitious affidavits without number, which I don't know and you probably don't know whether or not they were the work of the man that takes the oath or whether you drew them up or had them drawn up.

Mr. MANIER. Necessarily, of course, Senator, they are the affidavits of the man that takes the oath, because he is the man that swears to the truth of it.

Acting Chairman MEAD. When Ivory White and that other colored gentleman presented their affidavits, I wondered whether they went to law school or whether they actually did write those affidavits.

Mr. MANIER. They told the fact to the person who was assisting in the preparation of the affidavits.

Acting Chairman MEAD. They all told it the same way and the same dates and everything else, but that is all right.

Mr. MANIER. That is the truth.

Acting Chairman MEAD. You submit them all for the record right now and then you meet the chairman when he appears for the committee meeting tomorrow.

Mr. MANIER. Of course every affidavit we have here we expect to put in the record.

Acting Chairman MEAD. Sure.

Mr. MANIER. It is just a question of the means by which we are putting them in the record, and in view of the assurances, and I am sure the chairman will agree that we have been promised that.

Acting Chairman MEAD. That is a matter between you and the chairman. I am suggesting you put the affidavits in the record. The committee will meet tomorrow morning at 10:30.

Mr. MANIER. When we meet tomorrow morning will the chairman be in charge of the meeting? I would like to present the matter a little more fully.

Acting Chairman MEAD. The committee will meet at 10:30 tomorrow morning and you submit all the affidavits in the record.

(Whereupon, at 1 p. m., the committee adjourned until 10:30 a. m. the following day, December 2, 1941.)

INVESTIGATION OF NATIONAL DEFENSE PROGRAM

TUESDAY, DECEMBER 2, 1941

UNITED STATES SENATE,
SPECIAL COMMITTEE TO INVESTIGATE
THE NATIONAL DEFENSE PROGRAM,
Washington, D. C.

The committee met at 10:45 a. m., pursuant to adjournment on Monday, December 1, 1941, in room 104-B, Senate Office Building, Senator James M. Mead, acting chairman, presiding.

Present: Senators James M. Mead (acting chairman); Clyde L. Herring, and Harley M. Kilgore.

Present also: Hugh A. Fulton, chief counsel; and Charles P. Clark, associate chief counsel.

Acting Chairman MEAD. The committee will please come to order. We will probably resume where we were yesterday morning. All right, Mr. Manier.

TESTIMONY OF WILL R. MANIER, JR., MANIER & CROUCH, NASHVILLE, TENN.—Resumed

Mr. MANIER. Mr. Chairman, in accordance with your suggestion made yesterday and in the interest of saving time, we want no misapprehension; we didn't understand that unless these affidavits were read that they went into the printed record. So to save time, we are filing the affidavits, to appear in the printed record.

Acting Chairman MEAD. Each member of the committee gets a record every morning.

Mr. MANIER. I would like to say in that connection that it has been our purpose to meet each one of the hundred or two hundred or hundreds of insinuations in here with a definite factual statement refuting the insinuation, and that is the purpose of these affidavits. I am filing with them a very brief memorandum which Mr. Fulton has kindly agreed, in the interest of clarity, I may revise a bit, outlining in a sentence the purpose of each affidavit.

Acting Chairman MEAD. All right.

Mr. MANIER. Not the purport of it. We will let the affidavit speak for itself, so that the record will be clear when it is printed.

I have also been informed by Mr. Fulton if we have some points still not covered by affidavits arranged here on which we have affidavits that I haven't had a chance to examine, that we add them to this list.

Acting Chairman MEAD. Very good.

Mr. MANIER. We are anxious to cooperate in saving the time of this committee.

Acting Chairman MEAD. Fine.

Mr. FULTON. And you also wish to have the opportunity of having the contractor's witnesses who might be testifying this morning continue their statement in the record by material which you and they will prepare this afternoon and submit sometime tomorrow.

Mr. MANIER. And which they would have offered orally here if there had been sufficient time, and that will be in the form of a continuation under the oath that they took in the committee.

Mr. FULTON. I think that would be satisfactory, would it not, Mr. Chairman?

Acting Chairman MEAD. I think so, that is all right.

Mr. FULTON. The committee desired to hear briefly from Mr. Stirton Oman on certain points that related particularly to the Oman Construction Co. in matters that he might be familiar with. I understood that he would be available.

TESTIMONY OF STIRTON OMAN, OMAN CONSTRUCTION CO., NASHVILLE, TENN.—Resumed

Acting Chairman MEAD. Mr. Oman, you have been sworn before the committee before?

Mr. STIRTON OMAN. Yes, sir.

Mr. MANIER. To interrupt, these affidavits are now filed here and here become a part of the record?

Mr. FULTON. Yes. You will submit them all to the stenographer.

Mr. MANIER. I am submitting them to him.¹ There they are.

Mr. FULTON. Mr. Oman, would you state your connection with the Oman Construction Co.?

Mr. STIRTON OMAN. I am a partner in the firm of Oman Construction Co.

Mr. FULTON. Is it a partnership of three individuals?

Mr. OMAN. A partnership consisting of John Oman, Jr., Stirton Oman, and John Oman III.

Mr. FULTON. And what partnership percentage would you have?

Mr. OMAN. It is divided up a third equally.

Mr. FULTON. And that firm is one of the two joint contracting firms which are jointly engaged in this project with the Ferguson-Oman Co.?

Mr. OMAN. That name is used for convenience only.

NEGOTIATIONS FOR CONSTRUCTION CONTRACT

Mr. FULTON. At an earlier date I had asked whether the participation in the joint venture was 50-50, that is 50 percent to the Oman and 50 percent to the Ferguson Co., or whether it was 62½ to Ferguson and 37½ to Oman. Can you clear up that point for us, because in looking over the contract I find that the figures were given as 62½ percent for the Ferguson Co.

Mr. OMAN. Yes, sir. In the original negotiations when we were called to Washington, we were introduced to Mr. Ferguson after we had met with the Contract Board, and the work was outlined as to what part the Oman Co. would do and the part that the Ferguson Co.

¹ The affidavits in question were numbered from 1 to 137 and are included in the appendix on pp. 3367 to 3730. Refuting affidavits were numbered 1-A to 137-A and appear in appendix on pp. 3367-3730.

would do, and at that time, not knowing the percentages that the job we were going to do amounted to and the part that they were going to do amounted to, we did make a statement that we would do, I believe, 37½ percent, that we would receive 37½ percent of the fee, and that the Ferguson Co. would receive the other. Within a day or two, or a few days, that was changed to a 50-50 proposition in order that there be no misunderstanding about how the fee would be divided, because we immediately saw that the job was going to run more than the \$8,441,000 that the fee was negotiated on, and the part of the job that we were doing was the same as was outlined in the contract.

We built all of the roads, the railroads, power lines, water and sewer systems, and all the utilities which was done by the Oman Co. We only participated in half of the profit on the construction job. We had no profit or interest in the engineering contract. That is entirely a different contract which the Ferguson Co. has.

Mr. FULTON. The architect engineer?

Mr. OMAN. The architect engineer.

Mr. MANIER. I want to clear up a point there for you, too. Probably the memorandum agreement that you have there is the memorandum prepared in Washington. Subsequently they entered into an elaboration of that, an instrument which I drew, which replaced the one that you probably have.

Mr. FULTON. I wasn't raising any objection to the increased percentage of the Oman Co., but I was rather trying to explore why the percentage was as low as it was in the beginning. Have you ever made an estimate of the dollar value of the work that you performed as distinct from the work which the Ferguson Co. performed?

Mr. STIRTON OMAN. No, sir; we haven't. We have estimates, but I haven't checked them.

Mr. KINGSLEY FERGUSON. I think I can elaborate on that. At that time we were advised that the portion of the work allocated to them comprised approximately one-third of the total cost of the job, and on the basis of that information which was given us before we had seen or knew what was really involved in the shell-loading plant, we agreed to split it one-third to them and two-thirds to ourselves. Later information was, of course, revised when we found out there were going to be more miles of roads, railroads, and so on, than we had understood.

Mr. H. K. FERGUSON. May I add a word to that, Mr. Fulton, please? It was our joint intention to avoid all argument about whose work was whose work. In the interest of progress we felt that an even division would be very helpful and remove that line of demarcation. I think I can truthfully say that it was pretty successful in that line, and that we have worked in a very good fashion together.

A copy of the revised agreement between us was turned over to the then Captain Horridge, who was both C. O. and C. Q. M. on the job.

Mr. FULTON. And, Mr. Oman, from whom did you first hear of the possibility of your being a contractor on this job?

Mr. STIRTON OMAN. I forget the date, but it was around the middle of last December, a telephone call from Washington came in, and I believe Major Harvey, I believe that is who he said he was—

Mr. FULTON (interposing). Of the committee for the selection of contractors in the Quartermaster Corps?

Mr. STIRTON OMAN. Yes, sir.

Mr. FULTON. You had one of the general applications which all contractors are free to file. They are filed with this committee. Is that it?

Mr. STIRTON OMAN. They sent us one. We filled it out and sent it back. The first that I had heard in reply to that, rather the first reply that we had had to it, was in December, and I think that was filed possibly in September.

Mr. FULTON. And did he ask you to consider working with the Ferguson Co., or wasn't the Ferguson Co. mentioned?

Mr. STIRTON OMAN. No, sir; he asked me if I could be in Washington the next day, and I told him that we would try to be there. He said, "Well, now, we are not making any promises. We have a job coming up that we would like to talk to you about." That was about 3:30 in the afternoon, or 4 o'clock. The next morning John Oman, Jr., my father and I had reservations on a plane and were supposed to have gotten into Washington around 10 o'clock. We had a 10:30 engagement. The weather was bad and all planes were grounded and we didn't get away from Nashville until 10:45. In the meantime we called and had a hard time finding the man who had called us, but we did locate him and told him that we would be delayed and would be in about 3:30. We arrived and went straight to the War Department to the room that he told us to come to, and met with them, I believe it was Major Harvey and Mr. Blossom and Mr. Dresser.

Mr. FULTON. Those were the members of this committee designated for the purpose of selecting contractors whom they could recommend?

Mr. STIRTON OMAN. That is right.

Mr. FULTON. You had had no intermediary of any kind engaged at any time on this, had you?

Mr. OMAN. No, sir; we hadn't. We knew of these jobs and had been working on two or three of them around over the country, and we were shying away from them at the time.

Mr. FULTON. Had any intermediaries approached you asking for consideration whom you had turned down?

Mr. OMAN. No, sir.

Mr. FULTON. And what was the discussion that you had with the committee? I don't mean all the words of it, but in substance what did they ask you to consider doing and what was your reply?

Mr. OMAN. He said that they had a job coming up in Tennessee that had a lot of roads and railroads and power lines, water and sewer system, and he said that they had checked our record, and I believe they said that they had checked with some of the road-building organizations and that they felt that they would like to talk to us about going in on this job with somebody else, and asked us if we would care to make a joint venture with another concern. We told them that that depended on who the concern was and whether or not they were satisfactory to us and whether we were satisfactory to the other party.

Mr. FULTON. Did they name the concern?

Mr. OMAN. No, sir. They talked to us about 15 minutes. They had our file and record there and wanted to know if we had an organization that could get right on it. We told them that we did have. They asked us to step outside, and we did, and in about 15 minutes they called us back and said:

If you are willing to become associated with a building contractor who has had a lot of experience in large factory construction and plant construction we will be glad to have them come down and you can talk to them.

So we asked him who it was, and they told us. We had never heard of the H. K. Ferguson Co.

Mr. FULTON. Of Cleveland?

Mr. OMAN. Of Cleveland, and in about 30 minutes Mr. H. K. Ferguson and Mr. A. K. Ferguson appeared, and we were introduced to them in that office. They asked us to go out and see if we could agree between ourselves on doing a job. We didn't know what kind of job it was then. They asked us to come back and bring them a letter that we would be willing to perform a joint venture on a project in Tennessee, in west Tennessee. I don't think, as I remember, that Milan or Wolf Creek ordnance plant or anything like that was ever mentioned, because I don't think it had even been named at that time.

Mr. FULTON. It was just an ordnance plant.

Mr. OMAN. That is right. So we went to the hotel and we were trying to check up on H. K. Ferguson and I imagine he was trying to check up on us, and time was so short we didn't have time to do it, but at 6 o'clock that night we brought a letter back stating that we would be willing to associate with each other for this venture. They also told us that, "This does not mean that we are giving you a job. We just want this information so that we can pass it on."

We gave them that letter. As I remember, we left that night. My father and I left and went back to Nashville, and they said they would let us hear from them if they wanted us. Then I believe—wait a moment, I may be wrong—I think that is right.

Mr. H. K. FERGUSON. That is right.

Mr. JOHN OMAN, Jr. They called us again on, I think, the 30th of December, or asked us to be there the day before the 30th. We came up there. Then we had a meeting with Mr. Loving and his committee.

Mr. STIRTON OMAN. That is right. I didn't know whether we had it then.

Mr. FULTON. You see, there are two committees. One is the committee of Mr. Dresser to select, I think, three contractors or three possible contractors to recommend, and Mr. Loving and his committee, from those, would accept one of the recommended contractors or contractor combinations for the job. You were asked to see Mr. Loving?

Mr. STIRTON OMAN. We were not asked at that time. As I remember it, father and I went on back to Nashville that night.

Mr. JOHN OMAN, Jr. That was on the 13th of December. Then we came back again on the 30th.

Mr. STIRTON OMAN. Father came back on the 30th, and I was sick at that time, I had just had "flu," and it was the last day of the year, I believe, that father called me back in Nashville and asked me to come on up here, that they were trying to negotiate this job, but the item of equipment and equipment rental for the contractor-owned equipment had come up and he asked that I come right on up. I got out of bed, caught a train within 45 minutes after that, got in here on Sunday afternoon, and Monday morning we met with Mr. Loving and a Major—

Mr. H. K. FERGUSON. Hadley.

Mr. STIRTON OMAN. Hadley, yes; and Mr. Newman I believe was in on that meeting. Present at that meeting was Mr. Ferguson, Mrs. Ferguson, Mr. Short of Procter & Gamble, and Mr. Dinsmore, chief counsel of Procter & Gamble, Mr. Atkin, and John Oman, Jr. and myself, and we had a long discussion about how we were going to do this job. Up to that time we had no indication as to what the fee would be. We didn't know, and that was the last thing when the meeting was closed, they told us how much they were going to give us.

Mr. FULTON. In other words, the fee is determined by the War Department's prepared schedules as to amounts rather than by negotiation as to how much you would be willing to take or might be asking. Is that it?

Mr. STIRTON OMAN. We were disappointed in the amount, I'll tell you that.

Mr. FULTON. In any event, you didn't set the fee.

Mr. STIRTON OMAN. No, sir.

Mr. FULTON. Or any part of it.

Mr. STIRTON OMAN. No, sir; we didn't set it.

Now, one other thing I would like to make clear right there. Our business is generally road grading and drainage, electric power lines, water and sewer system, and not as a building contractor. This job seemed to be an imposition on the Oman Co. due to the rates of rental that were set up on our equipment. We protested the amount of that rental price because we were right busy then, engaged in a lot of other work where we were getting several times the amount that this contract was going to allow the prime contractor for his equipment.

Mr. FULTON. Was any of that work Government work?

Mr. STIRTON OMAN. Some of it was. Some of it was private work. I would say it was contract bid-price work, unit price.

VALUATION OF EQUIPMENT

Mr. FULTON. Now, with respect to your equipment, how much was the valuation which you reported to this committee that you had on your equipment when we asked you some weeks ago? I think it was in the neighborhood of \$150,000; was it not?

Mr. H. K. FERGUSON. You mean the amount of equipment on this project that was actually used?

Mr. FULTON. Of his company.

Mr. FERGUSON. That was actually used on this project?

Mr. FULTON. Yes.

Mr. STIRTON OMAN. At the time?

Mr. H. K. FERGUSON. That is the figure you gave me. He means how much did you actually use on this project.

Mr. MANIER. Do you mean the report made to this committee here or made to the committee at the time?

Mr. FULTON. I think your company sent us information concerning that. I believe it was in the neighborhood of \$150,000; was it not?

Mr. STIRTON OMAN. Mr. Fulton, you have this.

Mr. FULTON. I had it in the Memphis hearing. I thought maybe you had it.

Mr. OMAN. I thought maybe you had the statement we sent you.

Mr. FULTON. I did have, and it would be among our records, but does your memory recall?

Mr. STIRTON OMAN. I think that we reported to your committee that we had \$159,510 worth on the job, from the records that we had in the Nashville office at that time. We have on this project replacement value—this is the correct amount, that other was the first contract that we had in the Nashville office and we didn't have the information that was from the job because our contracts are not like third party contracts; they just take one and keep adding pages to it, and the price is set out in the negotiations as to what we get for it.

Mr. FULTON. I was not so much interested in the price you set in your negotiations as in the price that you people carried this equipment at on your own books, which I thought was what the \$159,000 figure was. Isn't that correct?

Mr. STIRTON OMAN. Here is the way we carry it on our books. We have never wanted to be uncertain about how we stood financially, and we have always carried our equipment at the lowest possible figure that we could, because equipment is a means that we have of making a livelihood, and for banking purposes we have never needed a financial statement. Our financial statement has always been such that we could get whatever we needed, and we carry our equipment at the actual value that we have in it. For instance, if a shovel, has depreciated off of our books and we trade that shovel in on another one, we only set up on our books the actual cash difference that we pay, because the other machine has depreciated off the books, and this new value that we set up is the money that we pay out. Now, for instance, we have on this job a shovel that I put the purchase price in from memory as \$21,000. The replacement value of that shovel is twenty-nine thousand some hundred dollars.

Mr. FULTON. You mean that is the value at which you put it in when you put it on the project?

Mr. STIRTON OMAN. No, sir. I put it in at \$15,000 as the actual value then.

Mr. FULTON. And you paid \$21,000? You think it is worth \$29,000. You put it in at \$15,000. Is that it?

Mr. STIRTON OMAN. No, sir; we didn't pay \$21,000 for it. I merely put that down as what I remembered we had paid for it. These figures were not taken from actual bills of sale because we had no idea that the Government was going to exercise the recapture clause. We didn't want them to recapture any of our equipment.

Mr. FULTON. Had anyone told you that the Government would not recapture it? Had you been discussing recapture? As I understand, some contractors had, some of them say they were more or less led to believe there would be very little recapture.

Mr. STIRTON OMAN. We were led to believe that our equipment would come back to us, due to the very low price that we were being paid for it. For instance, we would get \$187.50 a month for a D-8 tractor, and it takes a long time for that tractor to work out to pay the recapture price. Now, we have gotten notification that the Government is recapturing quite a bit of our personal equipment, which we don't like at all because we would like to have it back. You can't get new equipment now.

But going back to this shovel proposition, I would like to state that we paid \$11,900 cash; and another machine, which the dealer sold for exactly the amount that we traded in on it, which was \$7,500, for that machine had depreciated off our books, so the value of this machine on our purchase price as shown in the statement that we sent out—you wanted us to give you a statement as our books showed it, and that is just exactly what we did.

Mr. FULTON. It is what you would have to do.

Mr. STIRTON OMAN. That is right. But it makes it look mighty bad from your standpoint to see you get \$15,000 for a machine that we only show on our books at \$11,000, but that machine could be sold today for the price that we put it in at, and I have an affidavit from the dealer stating that that machine will bring from \$15,500 to \$16,000 today, and he is familiar with the machine. We keep our equipment up in good shape.

Mr. FULTON. I notice that there are several different figures that come up. Of course, that is probably true in one sense. If you depreciate your machinery on your books fast during years preceding the sale, you would thereby be decreasing the amount of profits on which you pay income tax, and many equipment dealers have pointed out to us, not doing anything illegal, but by taking the limit of the amounts that they could depreciate, they got themselves in the position where their machinery on their books was, in their opinion, depreciated too much. Is that somewhat the same problem that you had?

Mr. STIRTON OMAN. We depreciated it as fast as we could.

Mr. FULTON. Do you think it is depreciated too much on your books?

Mr. OMAN. I wouldn't say that.

Mr. FULTON. But within the limits, however, which the income-tax authorities have allowed.

Mr. OMAN. Yes, sir. They set that up about 12 or 14 years ago, as to how we would handle our income tax, and it has been handled that way. Now, that is working to our disadvantage this year.

Mr. FULTON. And to your advantage in preceding years.

Mr. OMAN. Well, we have always had to pay a whole lot of income tax. I don't know why, but we have always had to pay it.

Mr. FULTON. Now, that \$159,000 figure—the thing that I noted about that was that when you listed your equipment with the War Department in applying for this job, you put a value on it even lower than that \$159,000 figure.

Mr. STIRTON OMAN. We bought some more equipment since then.

Mr. FULTON. I mean item by item. Looking at the items that you have there and the items that you reported to the committee, I note that in some cases there are additions of more than a thousand dollars, even on your so-called depreciated book value, that you put on the equipment—

Mr. OMAN (interposing). Are you referring to this negotiation?

Mr. FULTON. Yes.

Mr. OMAN. I think you will note that that was stated in there—that that was made up from memory in Washington.

Mr. FULTON. And that is stated, I think, on the last page. Now, why was it that those items are lower rather than higher than the amount that you had then? Was it your desire to have it appear as reasonable as possible?

Mr. OMAN. We wanted to be absolutely honest, and I would rather be safe than to make a misstatement on it.

Mr. FULTON. But you would have been more safe if you had put that in at more than you intended to charge the Government for it rather than less; wouldn't you?

Mr. OMAN. Well, are you referring to this?

Mr. FULTON. Yes.

Mr. OMAN. Well, this was made up in June, and this other was made up the 31st day of December last year, and we figured that 6 months' depreciation or use of equipment—I mean it was worth more money 6 months ago than it was at this time.

Mr. FULTON. Did you call that to the attention of the negotiating committee that you were revaluing your equipment at higher prices than the amounts that you had put down in your application?

Mr. OMAN. No, sir; we didn't do that.

Mr. FULTON. Didn't you do that?

Mr. OMAN. No, sir.

Mr. FULTON. You have added to almost every item?

Mr. OMAN. No, sir. This first contract was dated December 31, 1940, and these prices in this schedule were value as of that date. Now, on the first of June, or the last day of May when this second contract was negotiated, that is a lower price than the price we put in 6 months before, and that is the reason for that difference, Mr. Fulton.

Mr. FULTON. The point I make is that you got the contract on representations, including representations as to valuation of equipment, which you thereafter changed by increasing the equipment without calling it to the attention of the negotiator. Isn't that true?

Mr. OMAN. No, sir. We didn't put any values—

Mr. FULTON (interposing). Will you show me any schedule that you submitted to the Army before you got this contract, wherein you stated it was your intention to revalue that equipment and put higher prices on it?

Mr. OMAN. We didn't put any prices on the first contract. We just stated that we had so many pieces of equipment, so many tractors, and in that I think, if you will recall the contract, we stated that we had a lot of equipment on other projects and if and when that equipment was released we would put it on this job.

Mr. FULTON. Very little of that was ever put on this job, was it?

Mr. OMAN. It was recaptured by the Government on other jobs.

Mr. FULTON. Such as what camps?

Mr. OMAN. Claiborne; Polk.

Mr. FULTON. You had rented quite a bit of equipment as a third party renter on other jobs.

Mr. OMAN. Yes, sir.

Mr. FULTON. And was it because of the rents you were receiving there that you thought this equipment was worth more money and should be valued higher on the ordnance project?

Mr. OMAN. No, sir. We valued it lower on this project than we could have gotten anywhere else.

Mr. FULTON. What did you value it at on the project?

Mr. OMAN. Oh, this project?

Mr. FULTON. That was the figure you were about to give us.

Mr. OMAN. A total value of all the equipment that we have on this job is \$336,379.50.

Mr. H. K. FERGUSON. That is on both projects.

Mr. STIRTON OMAN. That is on the Wolf Creek ordnance plant and the Milan ordnance depot.

Mr. FULTON. How does that compare with the \$150,000? That is more equipment than would have been in the \$150,000.

Mr. OMAN. Oh, yes.

Mr. FULTON. That is the same equipment?

Mr. OMAN. No, sir; it is a lot more equipment. We bought new equipment and have put some on this job.

Mr. FULTON. Could you tell us how much you valued on this job, the equipment that was on your books at \$159,000? That would be a figure less than \$336,000.

Mr. OMAN. I would have to figure that out. I just don't know.

Mr. FULTON. In other words, I want to know how much you raised or increased the valuation on equipment both above the figure that you had given the War Department and above the figure that you had it on your books at.

Mr. OMAN. We never increased it above the figure we gave the War Department. We never have done that at all.

Mr. FULTON. The figures that are in that application you will say are the valuations at which you put it on this job. Are you sure of that, Mr. Oman, because I don't think they are.

Mr. OMAN. Let me clear you up on that. This negotiation with the prices set forth is dated the last of May.

Mr. FULTON. Yes. Now, my question was——

Mr. OMAN. This year, now.

Mr. FULTON. You did increase the valuations when you put it on the job.

Mr. OMAN. No, sir. This equipment was already on the Wolf Creek ordnance plant before the Milan ordnance depot job was let. Now, we state in this the list of equipment that we have available, and right here you will note that it is on the Wolf Creek ordnance plant, most of it, now. Now, if that job had been completed, and we could have gotten this equipment back, these would have been the prices that we would have asked for, but it was already under contract. You notice right here we have it marked equipment that is available and where located.

Mr. FULTON. It was under contract, was it, at those prices that you have listed there, or at higher prices?

Mr. OMAN. In some cases it was higher.

Mr. FULTON. In a number of cases.

Mr. OMAN. Yes; in most cases it was higher than this, because we intended to reduce it some if we got our equipment back; we intended to reduce it down to these prices, which was 6 months later on another job. But it has never been released; it is still on the original contract.

Mr. FULTON. Well, the only purpose of the stated value is to enable the Government to recapture it at that value.

Mr. OMAN. Not at these values, because we couldn't take these values and get the Quartermaster to agree that he would pay us these figures, because he hadn't seen the equipment if it was a new job starting.

Mr. FULTON. No; but you are making a representation to the War Department that you will put on this equipment if needed.

Mr. OMAN. That is right.

Mr. FULTON. And that the value of the equipment is that amount, which, of course, being your statement, would be expected to be the maximum amount that you would ask on recapture.

Mr. OMAN. Right here——

Mr. FULTON (interposing). Now, it wasn't the maximum amount that you did set up for recapture, was it?

Mr. OMAN. Yes, sir.

Mr. FULTON. No; because you just said that on item after item you increased the amount that was set up on the books, for recapture, and you did in fact do that, didn't you?

Mr. OMAN. Well, if I said that, Mr. Fulton, I misunderstood your question. These figures were made after the Wolf Creek ordnance job had been going on 6 months, and these figures were made up to be used on the Milan ordnance depot.

Mr. FULTON. Maybe you are not talking about the same figures. I am talking about the valuation that you gave the War Department before you got the job.

Mr. OMAN. Which job?

Mr. FULTON. Either of them.

Mr. OMAN. We didn't give them any valuations on each piece of equipment on the first one.

Mr. FULTON. May I see the figures you are referring to? Is that the one where you say it is given from memory?

Mr. OMAN. Yes, sir.

Mr. FULTON. No. On which page? Is it given from memory here?

Mr. OMAN. Here is where it says right at the foot of the page:

The above list is made from memory in Washington without access to records in Nashville, but is considered correct.

Mr. FULTON. Do you say that those are the figures on which you had that equipment on this job?

Mr. OMAN. No, sir.

Mr. FULTON. As a matter of fact, in almost every instance it is on at a higher figure, isn't it?

Mr. OMAN. That is right.

Mr. FULTON. So you did increase the valuations.

Mr. OMAN. No, sir.

Mr. FULTON. Over this list.

Mr. OMAN. No, sir. This list wasn't even thought of at the time that the first rental agreement was made, in the first contract. I didn't know we were going to have this job until the day before they called us up to negotiate this one. This is the Milan ordnance depot, and this stuff was already on rental.

Mr. FULTON. At a higher price?

Mr. OMAN. At a higher price.

Mr. FULTON. Than the amount you set forth here?

Mr. OMAN. Yes, sir; but it was on the Wolf Creek ordnance plant, which had been going on 6 months. Now, naturally the equipment would depreciate something in 6 months, and these are lower prices

than we had on the other job. These were made up after the equipment had been used 6 months.

Mr. FULTON. Now, are there the prices on which you agree that the Government can recapture that equipment?

Mr. OMAN. No, sir.

Mr. KINGSLEY FERGUSON. What he means, Mr. Fulton, is instead of taking it off the Wolf Creek ordnance plant and putting it on a new rental contract, they stayed on the original rental contract set up for the original Wolf Creek ordnance plant.

Mr. FULTON. And that means, in effect, that when this equipment was transferred from the one project to another, instead of reducing the amount of the recapture value you allowed it to stay at this higher recapture?

Mr. KINGSLEY FERGUSON. No, no.

Mr. STIRTON OMAN. Mr. Fulton, all the rent that has been paid from the 1st of February, or whatever time it went on, had been credited to the recapture value, and that price was really lower than any of these figures.

Mr. FULTON. If you credited all the rent to that figure, you would have had a figure lower than the amount in that list, because the amount of your rent less your original thing would have been much lower than that.

Mr. KINGSLEY FERGUSON. That is just where the Government recaptured it on the original rental contract.

Mr. STIRTON OMAN. We didn't change any rentals. These two jobs join, as you know. There is no distinction where one stops and the other one starts, except a road across them.

Mr. MANIER. As a fence.

Mr. STIRTON OMAN. Dividing the projects. Now, these figures that we have in this negotiation were figures that were submitted the last of May or the 1st of June, and the equipment listed here was already on the Wolf Creek ordnance plant. All of the rent that had been paid would apply against the recapture if the Government saw fit to recapture it.

We had to fill this out because if that job had been clear across the State or in some other State they would have terminated the equipment here, and we would have revalued it at these prices, but that was never done.

Mr. FULTON. In other words, it was for a hypothetical situation which wasn't being considered.

Mr. OMAN. That is really the truth of the matter.

EQUIPMENT PURCHASE AND RENTAL PROCEDURES

Mr. FULTON. Then, with respect to Camp Polk, and bearing on this question of why you value your equipment at more than your books, is it a fact that at Camp Polk you had had a lot of equipment rented to the Government which had been released after the Government had paid rental of substantially the amount of the valuation that you had given?

Mr. OMAN. Wait a minute. Say that over.

Mr. FULTON. Was your recollection with respect to Camp Polk that you rented equipment to the Government with the right to recapture

at a specific valuation, and that thereafter, instead of recapturing, the Government allowed it to be released, even though the rent was practically equal or in some cases higher than the amount of the recapture value?

Mr. OMAN. They recaptured all of our equipment down there with the exception of about three tractors, which we got back by waiving rent to the point where those tractors cost us about \$3,500, and then we spent about \$2,500 apiece on them.

Mr. FULTON. Repairing them?

Mr. OMAN. Repairing them, and they were supposed to repair them.

Mr. FULTON. At that time you had to repair them at your own expense?

Mr. OMAN. No, sir; they were supposed to do it. We couldn't buy tractors anywhere. We couldn't get them, and we had some of our own private work that we had to have them on, and they promised us when we put that equipment down there that it would not be recaptured. That was on Camp Claiborne.

Mr. FULTON. Now, who made that promise to you?

Mr. OMAN. The contractor and one of the Quartermaster officers said:

We won't need it and there will be no danger of recapturing it because we won't recapture any equipment that we don't pay over 60 percent on.

Mr. FULTON. And did they make that in writing?

Mr. OMAN. No, sir.

Mr. FULTON. But you did rely on it?

Mr. OMAN. I certainly did. The same day that we were awarded the Wolf Creek ordnance plant, that contractor down there was awarded the Camp Polk job, and they exercised their option to transfer this equipment, to extend the rental period.

Mr. FULTON. On Camp Polk, for example. I noted Item 25, a LeTourneau carry-all, valued at \$3,777, rented at \$1.050 a month. You see, that would take less than 4 months to be the valuation of it, and released when \$3.777 had been paid.

Mr. OMAN. Who was it released to?

Mr. FULTON. To the Oman Construction Co.

Mr. OMAN. That is a mistake.

Mr. H. K. FERGUSON. What is a LeTourneau worth?

Mr. FULTON. You didn't have a LeTourneau carry-all at Camp Polk?

Mr. OMAN. We had a lot of them down there, but we did not have any that they were paying us \$1,050 a month on that were released.

Mr. FULTON. Will you check your item 25? If perhaps that takes time, send it in within the next few days.

Mr. OMAN. I know positively about that, because I know what that scraper is. That is a Model W scraper, and we had four of those down there, and we were getting \$1,050 a month rent for them, and the value on them was \$8,000, and we didn't get any of them back at all, of those W's. We did get three 12-yards back.

Mr. FULTON. I still suggest you check it.

Mr. OMAN. I will be glad to do it.

Mr. FULTON. Because these records were obtained in connection with an investigation of that camp, and they might not conform to your records.

Mr. OMAN. That is No. 25?

Mr. FULTON. Yes. That would probably be the Camp Polk number.

Mr. OMAN. I might tell you this, that that equipment went on at Camp Claiborne and was transferred from Camp Claiborne to Camp Polk. We didn't put those on at Camp Polk. They were put on another one and the Government transferred them.

Mr. FULTON. With reference to those D-8 tractors the information was that they were valued at around \$3,900 and were rented from you at \$979 a month, and almost without exception were released. Is that correct?

Mr. OMAN. That is wrong.

Mr. FULTON. Would you check that, too?

Mr. OMAN. I know it. Those tractors were not put on at \$3,750; they were put on at \$7,000 apiece.

Mr. FULTON. At Camp Polk?

Mr. OMAN. At Camp Claiborne.

Mr. FULTON. I am talking about Camp Polk.

Mr. OMAN. But these were put on at Camp Claiborne and Camp Claiborne transferred them to Camp Polk. We didn't have anything to do with that.

Mr. FULTON. You mean, then, that after the rental of almost a thousand dollars a month had been paid at Camp Claiborne, they may have deducted that rental from the \$7,000 and then given you on the Camp Polk valuation only the amount—

Mr. OMAN (interposing). That is about what has happened because we only had a contract up there (Camp Claiborne) and they transferred them down there (Camp Polk) themselves and we were getting \$978.75 a month apiece for the tractors.

Mr. FULTON. And between the two camps you got about how much on those tractors? How many months did you use them there?

Mr. OMAN. They recaptured them.

Mr. FULTON. They recaptured them?

Mr. OMAN. All but three or four.

Mr. FULTON. Now, as to those three or four, how much rent had been paid on those before they were recaptured?

Mr. OMAN. About half of it. They had gone away over that, and they owed us the rent, but we waived the rent in order to get them back, and we sure made a mistake.

Mr. FULTON. Here is item No. 3-10, a concrete mixer, valued at \$572, released when \$661 had been paid in and rented at \$190 a month. Do you remember that item?

Mr. OMAN. We didn't get any of that back. The Government transferred it all and recaptured it. We didn't get any of that back. The only thing we got back is what I tell you.

Mr. FULTON. That is surprising to me. I think you and I will have to check these because your figures are different from the Camp Polk figures.

Mr. OMAN. The reason for that is that the part that was paid at Camp Claiborne was charged to Camp Claiborne.

Mr. FULTON. Which it should be.

Mr. OMAN. That is right, and then when they came down to Camp Polk—

Mr. FULTON. They had that much less value.

Mr. OMAN. That is right.

Mr. FULTON. And therefore——

Mr. OMAN (interposing). But we didn't get them back.

Mr. FULTON. Now, what was done with them? Was that recaptured at \$572, do you say?

Mr. OMAN. No, sir; it was recaptured at whatever the recapture value was on the piece of equipment. I think what that is, that is Camp Polk's figure as to what was owing on the equipment when it came?

Mr. FULTON. That is true. That is what it would be, because you had already been paid in rent the difference between that and the higher figure at Camp Claiborne.

Mr. OMAN. That is right.

Mr. FULTON. But these figures show no recapture. Now, maybe the recapture occurred subsequent to the time of the figures. Do you know when the recapture occurred?

Mr. OMAN. We still are getting a stack of papers that high every day to sign for the recaptures.

Mr. FULTON. The committee had been taking the position during the early summer there that there should be recaptures, according to this, but you say you had been promised that there would not be, by Army officers.

Mr. OMAN. Well, they assured us that the job would be done January 15, and a lot of this equipment went in there from the latter part of September, October, November, and some in December. We were only helping those people out.

Mr. FULTON. You were third party, you had no contract on it.

Mr. OMAN. We had no contract with them at all. We let them have a lot of equipment and good organization.

Mr. FULTON. Now, did you engage in the practice of transferring your equipment out of those projects at about the time that 100 percent of the valuation had been paid in rent?

Mr. OMAN. We did not.

Mr. FULTON. You are sure no items of that kind appear on the books?

Mr. OMAN. I am positive.

Mr. FULTON. Do you recall a pump—well, now, I am not absolutely positive that there may not have been a different contract—valued at \$2,350, having a \$65 a month rent, was transferred when \$2,350 was paid, exactly 100 percent?

Mr. OMAN. We didn't have any pumps down there.

Mr. FULTON. This \$336,000 figure of the equipment you put on the job represents what the Oman Co. put on this particular project?

Mr. OMAN. Yes.

Mr. FULTON. How much did H. K. Ferguson put on, do you know?

Mr. OMAN. I don't know.

Mr. H. K. FERGUSON. Almost none.

Mr. FULTON. What was the total equipment needed to do this job? How much did you rent?

Mr. STIRTON OMAN. We rented—I think Mr. McCarthy stated that there was between three and a half and four million dollars' worth of equipment.

Mr. JOHN OMAN, Jr. Five.

Mr. FULTON. No, three and a half, probably.

Mr. STIRTON OMAN. Three and a half and four, or something like that.

Mr. FULTON. In any event, less than 10 percent of the equipment necessary to do this job was furnished by the contractor selected to do it. Is that true?

Mr. STIRTON OMAN. That is right.

Mr. KINGSLEY FERGUSON. That is right. I might point out, too, that I do not know of any contractor who was available at that time, because the subject came up in the discussion during the negotiations, who had that much equipment, the equipment required for this job, in his possession at that time, and of those available Oman had more than anybody else. The others were already engaged in other work.

Mr. FULTON. Now, why couldn't the Ferguson Co. put some equipment on there?

Mr. KINGSLEY FERGUSON. Now you are getting down to a point of policy. Our work is from coast to coast. We work sometimes in New York and other times in California. If we were to have equipment available for all the work that we do, we would eat up the cost of that equipment in freight charges from job to job so fast it would make your head swim. Consequently, our policy, by reason of the nature of our operations, has been to own as little construction equipment as we can and rent it in the territory where we are working.

Mr. FULTON. Like Starrett Bros. & Eken at Blanding had no equipment on the job.

Mr. H. K. FERGUSON. That is the policy of all of them working over wide areas.

Mr. FULTON. There are a number of contractors who had applications in there for contracts who can furnish them equipment, including the Oman Co., which did furnish them.

Mr. STIRTON OMAN. Mr. Fulton, I would like to state right there from that, if the Government hadn't exercised their option to take this equipment we would have had several hundred thousand dollars more of equipment.

Mr. FULTON. Which the Government would have paid several hundred thousand dollars rent on at Camp Claiborne and Camp Polk and some more here. Is that what you mean?

Mr. KINGSLEY FERGUSON. You have also to remember that people like the Oman Construction Co. and other folks whom we depend on throughout the country make their living off of this particular phase of the construction business. Now, when the Government recaptures everything there is going to be another little businessman out of business.

Mr. H. K. FERGUSON. Mr. Fulton, may I say a word about our position on the equipment angle of this question? In the factory building we require very little heavy equipment except to erect steel and to put in heavy machinery.

Mr. FULTON. And that was your usual work?

Mr. H. K. FERGUSON. We usually rented a local crane which goes on the job for 30 days and is finished. It is not of long duration.

Mr. FULTON. So that this was a different type job from the kind that you usually did.

Mr. H. K. FERGUSON. No; this was a multiplication of about 10 or 12 units all of a type with which we frequently worked but which ordinarily are rather widely scattered.

Mr. FULTON. Now, Mr. Oman, did you personally have any interest in a third-party equipment company which could rent equipment presumably at a higher price than the contractor?

Mr. STIRTON OMAN. I do not.

Mr. FULTON. Did you have?

Mr. OMAN. Did I have interest in other companies before this job started?

Mr. FULTON. Any company which put a great deal equipment on this job?

Mr. OMAN. I have had interest in them, but I have none and have had none since this job started.

Mr. FULTON. Now, when did you start negotiating for this job? I believe it was in December, wasn't it?

Mr. OMAN. We signed the contract the last day of December 1940.

Mr. FULTON. At that time were you a partner in the Couch Construction Co.?

Mr. OMAN. Yes, sir.

Mr. FULTON. And was that evidenced by written agreements?

Mr. OMAN. At that time?

Mr. FULTON. Yes, sir.

Mr. OMAN. Yes, sir.

Mr. FULTON. Did those partners include Mr. Faulk, the man who made the affidavits, or most of them, with respect to this idle equipment actually having been operated?

Mr. OMAN. He was one of the partners; yes, sir.

Mr. FULTON. Did you hire him as a contractor employee on this job?

Mr. OMAN. Yes, sir.

Mr. FULTON. Did it also include Mr. Quin Flowers?

Mr. OMAN. Yes, sir.

Mr. FULTON. Did you hire him as a contractor's employee on this job?

Mr. OMAN. Yes, sir; they were both listed in our negotiations.

Mr. FULTON. And you and Mr. J. J. Couch, together with those two, were the partners in the Couch Construction Co.?

Mr. OMAN. That is correct.

Mr. FULTON. Now, did the Couch Construction Co. put equipment on this job?

Mr. OMAN. They have put about thirty thousand-some dollars' worth of equipment, all together.

Mr. FULTON. \$37,590, I believe.

Mr. OMAN. I don't know the exact figures.

Mr. FULTON. Was that done at a time when Mr. Faulk was superintendent or assistant superintendent of equipment?

Mr. OMAN. Was the equipment put on at that time? Yes, sir.

Mr. FULTON. So that while he was hired by you, reimbursable by the Government as superintendent of equipment, you were renting equipment from the firm of which he was a partner and you had recently ceased to be a partner.

Mr. OMAN. He was not superintendent of equipment.

Mr. FULTON. What was he?

Mr. OMAN. Mr. Faulk at that time had the title of assistant general superintendent, and the equipment which the Ferguson-Oman Co. rented from the Couch Construction was all good equipment, needed, and it was made plain to the project manager, to the quartermaster, to the purchasing agent, and on their bids they put in that Mr. Quin Flowers is a member of this firm. It is stated right on the negotiation.

Mr. FULTON. Did they say that Mr. Faulk was?

Mr. OMAN. No, sir; but everybody knew it.

Mr. KINGSLEY FERGUSON. Mr. Faulk had nothing to do with the acquiring of the equipment. Mr. Flowers did have.

Mr. FULTON. What was Mr. Flowers' position in acquiring the equipment?

Mr. STIRTON OMAN. Mr. Flowers' position was assistant director of purchases.

Mr. FULTON. And just when did you retire from that firm?

Mr. OMAN. Around the 1st of February. I only sold my interest in the equipment. I am still interested in the Couch Construction Co. of Dothan, Ala., which is an operating company, and have been for years.

Mr. FULTON. Was that retirement evidenced by any written agreement which would establish it?

Mr. OMAN. Well, not at that time.

Mr. FULTON. When did you first make a written agreement which would show your retirement?

Mr. OMAN. I imagine it was around June.

Mr. FULTON. Could you furnish us with a copy of that?

Mr. OMAN. I think I could; yes, sir.

Mr. FULTON. Why was it that you didn't make a written agreement earlier than that if you had actually retired earlier?

Mr. OMAN. Well, do you know, in our part of the country when a man makes a deal we don't always make a written agreement.

Mr. FULTON. But you are sure you did retire in February?

Mr. OMAN. Sir?

Mr. FULTON. You are sure you did retire in February?

Mr. OMAN. Absolutely, and I have never received any part of anything that has come from the Couch Construction Co. equipment and never will. I might state that we have worked with contractors for 2 or 3 years, one of us doing one part and one the other, and have never had a written agreement and have never had any misunderstandings or disputes, and we have worked that way with the Couch organization.

Mr. FULTON. When did you receive your payment for your share of the equipment that you sold? In June?

Mr. OMAN. Well, here is the way that was handled. That was one partnership selling out to another one.

Mr. FULTON. Without any reorganization of partnerships through agreement?

Mr. OMAN. Yes, sir. The reorganization was that the equipment company was owned by J. J. Couch, Quin Flowers, and W. H. Faulk. The other partnership consisted of J. J. Couch, Quin Flowers, W. H. Faulk, and myself.

Mr. FULTON. When was the purchase price for that equipment which this new partnership was buying from the one that you were then and still are a partner of, paid?

Mr. OMAN. I couldn't tell you when it was paid. It has been paid along at different intervals to the other companies. I haven't had time to check this. I have been on this job ever since it started, day and night, and I haven't given Couch Construction Co. any attention at all this year.

Mr. FULTON. Would you find out for us when you first got paid and when the contract was first evidenced by which you withdrew from this Couch equipment concern?

Mr. OMAN. I will be glad to.

Mr. FULTON. Do you know the amount of rental that was paid on this equipment?

Mr. OMAN. No, sir; I don't. I do know this, that that equipment Mr. Flowers discussed with me and Mr. Faulk discussed it with me, and we didn't let them get any of that equipment until we could not get it at any other places, and this equipment is good.

Mr. FULTON. And did much of that equipment come from Camp Polk or Camp Claiborne?

Mr. OMAN. Not a piece of it.

Mr. FULTON. Did the Couch Co. have a lot of equipment at those two camps?

Mr. OMAN. Yes, sir.

Mr. FULTON. That is other equipment in which you have likewise given up your interest now but in which you held an interest to the 1st of February?

Mr. OMAN. That is right. Wait a minute now. I hadn't—Couch hadn't put anything since the first of the year on any of these other jobs or any other Government jobs.

Mr. FULTON. But I mean up until the time in February that you had an interest in that other equipment that had been in Camp Polk or Camp Claiborne. Is that correct?

Mr. OMAN. Yes, sir; and I have an interest in anything that might be coming from it. I wouldn't want to make the statement that my interest was cut off in that equipment that had already been sold.

Mr. FULTON. Have you made a settlement of your interest between the two Couch concerns, even today?

Mr. OMAN. No, sir. There won't be any settlement other than one company will get the money and these other fellows will get whatever money derives out of the equipment end. That is just something between themselves and they pay the other company, and that is handled in that way. They won't give me a check and say, "Here is your check," because they can't do that.

Mr. FULTON. They didn't have the funds, you mean at the time, or what?

Mr. OMAN. Yes; they had the funds.

Mr. FULTON. Well, why didn't they then simply handle it in an ordinary businesslike way?

Mr. OMAN. It was handled in a businesslike way.

Mr. FULTON. You sell them the equipment on February 1 and take your check and a written agreement to prove you weren't in it after that?

Mr. OMAN. Well, I made that agreement, but they paid us off on monthly installments. I think there is still \$5,000 owing on the equipment that they bought, to others.

Mr. FULTON. When did their monthly installments start?

Mr. OMAN. I couldn't tell you, Mr. Fulton.

Mr. FULTON. Did it start before June?

Mr. OMAN. Yes, sir.

Mr. FULTON. In February?

Mr. OMAN. It started whenever we made that deal and whenever the money started coming in.

Senator KILGORE. When was the Couch equipment holding company formed?

Mr. OMAN. About the 1st of February.

Senator KILGORE. That was the time you severed your connection with the equipment end?

Mr. OMAN. Yes, sir.

Senator KILGORE. The three remaining members of the Couch Construction Co. formed an equipment company to take over this equipment?

Mr. OMAN. That is right. The Couch Construction Co. has been in business for twenty-some-odd years. I have been a member of it since 1937 or '38.

Senator KILGORE. And part of those partners were employees on this Wolf Creek job?

Mr. OMAN. Two of them.

Mr. FULTON. With respect to Mr. Flowers, did he have an assistant named Art Foltz?

Mr. OMAN. No, sir. Art Foltz doesn't work for Mr. Flowers at all.

Mr. FULTON. Did he?

Mr. MANIER. Mr. Flowers is there.

Mr. OMAN. Mr. Foltz was not under Mr. Flowers, though. Mr. Foltz was under Mr. Witcher, who was director of purchases.

Mr. FULTON. And Mr. Foltz had to do with purchases?

Mr. OMAN. Yes, sir; he bought a lot of stuff.

Mr. FULTON. Mill supplies and hardware?

Mr. OMAN. I imagine he did. I am not familiar with what each individual man bought.

Mr. FULTON. I don't know that you people as contractors would have known it, but did you frown on the practice of Government representatives living with persons who were selling parts of the type they were buying, to the Government?

Mr. KINGSLEY FERGUSON. Mr. Fulton, I am familiar with that case, because Mr. Foltz came to me and talked to me about it. Mr. Foltz has been a purchasing agent and has worked for our company at prior times, and I would judge that he did about half of the purchasing on that job, and mill supplies was only one small item.

Mr. FULTON. Mill supplies and hardware amounted, in the case of this man that he lived with representing the firm, to \$91,995.

Mr. KINGSLEY FERGUSON. Which is less than a fraction of 1 percent of the total purchases of the job.

Mr. FULTON. It is still a sizeable sum.

Mr. KINGSLEY FERGUSON. A substantial amount; yes, sir.

Mr. FULTON. Did you know that Mr. Foltz was living with a representative of that firm?

Mr. KINGSLEY FERGUSON. Yes. Milan itself is a town of about three to four thousand people. Jackson is a town 30 miles away of about 20,000 people, and when this job started down there we encountered exactly the same conditions they ran into up at Charleston, Ind., where our men coming down couldn't find a place to live, and they were reamed by everybody who had a place to rent them.

Mr. FULTON. I suppose they were.

Mr. KINGSLEY FERGUSON. And Mr. Foltz came down on a moderate salary and was forced to pay \$100 a month rent for a three-bedroom place that you wouldn't pay \$15 for.

Mr. FULTON. I have a one-bedroom one for about the same price.

Mr. KINGSLEY FERGUSON. And the situation that you are referring to was where he rented a room to a hardware salesman, a practice which we under ordinary circumstances would frown upon. However——

Mr. FULTON (interposing). However, you thought it proper here because of the crowded conditions.

Mr. KINGSLEY FERGUSON. Because of the crowded conditions and because \$6 a week was the price of the room, and the salesman did not take his meals with Mr. Foltz. He merely roomed there. And 96 percent of the items which we bought from the firm that salesman represented were bought on low bid, and it is certified in the records, and there is complete information in every single purchase. The other 4 percent were emergency purchases.

Mr. FULTON. In respect to those bids——

Mr. MANIER (interposing). That having the intimation that this was to be offered as another insinuation——

Mr. FULTON (interposing). It isn't offered as an insinuation, but as a fact that the two——

Mr. MANIER (interposing). That is a fact.

Mr. FULTON. The purchaser and the seller were living together.

Mr. MANIER. That is a fact, but we have complete affidavits on it. The man was paying rent. The renter, Mr. Foltz, was paying rent on three rooms at \$75 a month. He rented one of these rooms to the salesman for \$6 a week, which is \$26 a month, or, rather, Mrs. Foltz did it. She did the renting, and she got the \$6 per week that were paid. That is fully covered in affidavits which we are prepared to offer.

Mr. FULTON. The reason the committee brought that up, Mr. Manier, was that we had complaints from other persons who attempted to make bids on these projects to the effect, first, that the specifications were not made known to them in sufficient time to allow them to make bids, and, second, that the specifications were unduly restrictive so as to favor special bidders.

Mr. KINGSLEY FERGUSON. Mr. Fulton, may I bring that out? The practice down there was to post on the bulletin boards items of that sort which were to be bought immediately. The particular firm to whom you are referring had a man whose duty it was to be there every day. In addition to that they had two trucks, as I recall it, delivering the stuff from Memphis daily. In other words, one came down in the morning, and one at night. They offered the service, and I would like to know if the complainants had that type of service to offer. I am sure that they didn't, because——

Mr. FULTON (interposing). You mean Keith-Simmons had that service of trucks going daily?

Mr. KINGSLEY FERGUSON. Yes, sir. We have had lots of complaints of that kind, which we have undertaken to meet one by one when they were brought to our attention, realizing the purport of them on public work, and we are satisfied that for every one of them we have a good reason for doing just exactly what we did.

Mr. FULTON. In other words, you have no objection to the practice of purchaser and seller living in the same place.

Mr. KINGSLEY FERGUSON. Yes, sir; but when I have a man working—

Mr. FULTON (interposing). And seller knowing about specifications a little bit in advance.

Mr. KINGSLEY FERGUSON. Wait a minute. When I have a man working for me until 11, 12, 1, 2, and 3 o'clock in the morning—

Mr. FULTON (interposing). If you are sure he is working for you.

Mr. KINGSLEY FERGUSON. I know he is working for me because he has worked for our company before, and he is one of the best buyers of construction materials that we have in the industry. He has worked for many other important firms also.

Mr. FULTON. Well, now, Mr. Oman, do you have a relative by the name of Greig Oman?

Mr. STIRTON OMAN. Yes, sir; I have a cousin—

Mr. FULTON. Did he engage in that same practice of living with a seller of parts?

Mr. STIRTON OMAN. I didn't know anything about it until I noticed it in the newspaper that he was, and then I went over to see this place where he lived. A Caterpillar dealer put up a warehouse right across from the project, and in the back they built an extension on to it, and they had a couple of men who stayed there. This man Greig Oman was superintendent of the heavy equipment garage. He was borrowed from the Government. I think he was a civil-service man.

Mr. FULTON. What was he in the Government?

Mr. STIRTON OMAN. At one time he was an equipment engineer in charge of several States for the Park Service. We had nothing to do with hiring this man, and the only unfortunate thing about him was his name was Oman. He has done a good job. He stayed on that job day and night, and due to the fact that it was impossible for him to get a room anywhere close, Mr. Hale, of the Taylor-Hale Co., told him that he could have one of these rooms back there if he would furnish his own bed. Just a cubby hole was all it was. He just slept there.

Mr. FULTON. Did he pay any rent for it?

Mr. STIRTON OMAN. No, sir; I don't think he did, and I would like to make the statement right there, Mr. Fulton, that these people didn't have their salesmen out selling parts, because on one of these jobs, you are looking for the man who can deliver the repair parts, and due to our past experience—

Mr. FULTON (interposing). They delivered quite a few, didn't they—Taylor-Hale?

Mr. STIRTON OMAN. We had no choice in the matter as to where the Caterpillar parts came from, because they have dealers, and one

dealer can't go into another one's territory without paying him a commission on it, and they just don't do that in the Caterpillar business. It is sewed up just about as close as the coca-cola business.

We bought them on T. P. S. schedules, which——

Mr. FULTON (interposing). Was there a T. P. S. schedule for those parts?

Mr. STIRTON OMAN. Yes, sir; on all Caterpillar parts. Now, under the strict interpretation, we are not entitled to that T. P. S. schedule.

Mr. FULTON. No; but the Government is. It is just a question of in whose name the order is put.

Mr. STIRTON OMAN. That is right, but we got them to let us go ahead and buy on T. P. S. schedules, and every part that was bought from Taylor-Hale, who are the Caterpillar dealers for Caterpillar tractors, was bought on T. P. S. schedule.

Mr. FULTON. What is the basis of that information, Mr. Oman? When you say "every part," from whom did you ascertain that to be so?

Mr. STIRTON OMAN. I ascertained that from the purchasing department, from the invoices that have been placed for Caterpillar parts.

Mr. FULTON. You yourself have investigated those?

Mr. STIRTON OMAN. I have checked back.

Mr. MANIER. It is covered in the greatest detail by affidavits that we are filing there on behalf of Mr. Hale, of Taylor-Hale, and on behalf of various parties in our employ, and it will run through five or six pages of those affidavits in utmost detail.

Mr. STIRTON OMAN. Mr. Fulton, for your information, there would be no way that this man could help Taylor-Hale in getting any business at all, because for every part that is put in a tractor we have to save the old part. We tag it. It is there and can be checked. And before that part can be ordered, the Government representative has to approve it. When that old part comes out, it is numbered, a tag is put on it, which piece of equipment it has come out of, and it is right there to be checked, and we have to have that in order that we can get reimbursed in the final wind-up.

Mr. MANIER. May I call your attention to one affidavit here on that very point he is talking about? It is quite lengthy, showing entirely the procedure, and attached to it are photographs, which I call your attention to, of the way everything is kept on various items, and I assume, in looking at those photographs, it would indicate the very greatest care that is taken.

Mr. STIRTON OMAN. There are the old tires.

Mr. MANIER. Then the forms are here. Those photographs are not of the way they kept new parts; that is the way they kept the salvaged parts. This is the care that was taken to take care of the salvage. There is a separate bin, as appears in those photographs, for each piece of salvage. A man looking at this would think it was a very adequate system for taking care of new stuff, but this is just the salvaged stuff, and the photographs run all through that, showing how the salvaged stuff was taken care of.

And then attached to this in the folder are all the system and forms used in disposing of salvage.

Mr. FULTON. All right. Now, with respect to the other furnishers of equipment, Mr. Oman, such as particularly the Pilkerton & Pilkerton and the Nashville Motors Co., had you any connection with those?

Mr. STIRTON OMAN. None whatever.

Mr. FULTON. Had your firm or any of your employees?

Mr. STIRTON OMAN. No, sir. That firm was very helpful to the Government and to ourselves. In the first place, they were low bidders on everything that they got.

Mr. FULTON. In the first place, both of the firms have the same partners, don't they?

Mr. STIRTON OMAN. I understand they have.

Mr. FULTON. And Mr. Pilkerton and his wife own the Nashville Motor Co. Now, that was the Buick dealer in that town. Was it Nashville?

Mr. STIRTON OMAN. In Nashville.

Mr. FULTON. As far as I can see, neither of those two firms furnished any Buick to the project, did they?

Mr. STIRTON OMAN. Furnished any what?

Mr. FULTON. Buicks.

Mr. STIRTON OMAN. No, sir; they didn't.

Mr. FULTON. They did furnish a lot of Chevrolets and Fords and other cars that they didn't have any distributor's agency for, did they not?

Mr. STIRTON OMAN. As I understand it, this man bought from distributors and paid them off. I don't think there has been a mortgage on a piece of equipment, and we were looking for somebody who could furnish us equipment when we needed it, in the quantities we needed it, without being bothered about whether or not it was going to be paid for. This man furnished a lot of stuff down there.

Mr. FULTON. Well, about February 1 of this year, he organized Pilkerton & Pilkerton, and he also dealt through Nashville Motors. Did he ever explain to you why he used the two companies?

Mr. STIRTON OMAN. Yes, sir; he told me why he did that.

Mr. FULTON. There is the same partnership and partnership interest in each, as I understand it.

Mr. STIRTON OMAN. He furnished a bunch of Fords down there, and I think General Motors frowned on the fact that one of their dealers was interested in a competitive product, and for that reason he formed this other company, so he told us.

Mr. FULTON. They have stated that they did not make cross bids; in other words, that the two companies did not bid on the same equipment.

Mr. STIRTON OMAN. No, sir; and——

Mr. FULTON (interposing). As far as you know, that is correct, is it?

Mr. STIRTON OMAN. The Inspector General told me that he investigated that entire thing from beginning to end, and that it was all right.

I would like to make this statement right there. The reason that this man's name has been brought up so many times is the fact that he went down there and bid this equipment on a business basis, and these other fellows had had a taste of other Government projects where they were getting enormous rentals, and equipment was being paid off in 90 days.

Mr. FULTON. So that you would assume, or it is your experience with these companies, that they did it for less money than the Government usually was forced to pay?

Mr. STIRTON OMAN. They did.

Mr. KINGSLEY FERGUSON. It broke the local market. I am sure of that.

Mr. FULTON. Let's see, on their facts, how cheaply they did furnish this. Using their figures, the rentals paid to September 1 were \$527,809, and that exceeds by \$21,859 their total cost of the equipment, which they purchased for only \$505,000. So if he gets the equipment recaptured, which is the worst that can happen to him, he would have \$21,000 profit on the rental, plus 1 percent per month, for a 3 months' investment. Has that been recaptured?

Mr. KINGSLEY FERGUSON. I understand every piece of it has been recaptured, and, Mr. Fulton, those figures, I believe, the difference between what he paid and what he received, doesn't mean net profit. Now, if you should take the next bidders and see what they would have got, it would have been a different story.

Mr. FULTON. It would have been worse. Is that your position?

Mr. KINGSLEY FERGUSON. Yes, sir.

Mr. MANIER. Pilkerton was the man who broke the market down there and made it possible to get this stuff at a very much cheaper price, because he was willing to gamble on the recapture phase of it and to assume that it was probably going to be recaptured, and in many instances he went out and bought stuff from other dealers who had it, and in that way he saved a big part of their commission. Of course, in the case of the man who was putting this on here at a recapture price, anticipating that it was going to be recaptured when the rentals amounted to it, all he ever had in it was the difference between what he had to pay for it, or his profit, and what he finally got on the recapture price. He got just a fraction of what these other people were bidding on, so he contributed to a great saving on this job.

Mr. FULTON. I just wanted to see what that little fraction, infinitesimal as it was, would amount to. He paid \$505,000 for the equipment, and he wrote it up to a value of \$692,000.

Mr. MANIER. So does every dealer.

Mr. FULTON. So that that difference would be \$186,460, plus 1 percent per month.

Mr. KINGSLEY FERGUSON. Which represents a saving to the Government below the other bidders, and the reason he got everybody sore down there and complaining down here in Washington was exactly that he broke the market.

Mr. FULTON. Because he——

Mr. KINGSLEY FERGUSON (interposing). Because he took it away from the other boys.

Mr. FULTON. Because he was short a couple of thousand dollars.

Mr. KINGSLEY FERGUSON. It isn't my business to pry into his affairs. It is my business to buy on the low bid, and we did it and saved the Government money.

Mr. STIRTON OMAN. You know, Mr. Fulton, that automobile dealers figure 25 percent.

Mr. FULTON. He isn't a dealer in those cars.

Mr. STIRTON OMAN. Oh, yes; he is the biggest in the country right now.

Mr. FULTON. He is a dealer in Buicks, but he had to go and buy these Fords and Chevrolets from other distributors.

Mr. STIRTON OMAN. But those other people bid, and they were not willing to bid as low as he did. He bid, and he put his money in those pieces of equipment, and when we paid off we had to pay but one man. We didn't pay a lot of establishments.

Mr. FULTON. Let's understand what the Government is paying. In the first place, there is the distributor's profit, because they didn't sell to Pilkerton without making a profit, an amount which we don't know.

Mr. STIRTON OMAN. No; I don't know that.

Mr. FULTON. In addition, there is this \$186,000 superimposed valuation which he put on, which you say is still low by the side of what anyone else would have had.

Mr. STIRTON OMAN. That is lower than the retail price of those units.

Mr. FULTON. But is it lower than the fleet car prices at which the Government could purchase it?

Mr. KINGSLEY FERGUSON. Yes; it is lower.

Mr. STIRTON OMAN. I don't know about that, because I don't know what the Government can buy them at, but I tried to buy those and couldn't.

Mr. FULTON. Do you personally know that those cars were sold at less than the fleet car prices?

Mr. KINGSLEY FERGUSON. I am morally certain.

Mr. FULTON. I asked if you personally knew it.

Mr. KINGSLEY FERGUSON. I would have to check the facts, Mr. Fulton, but it was discussed at the time we made the purchase, and it was pointed out to me at that time, with documentation which is available at the job, that it was below the fleet car price. We had a problem down there where every little dealer at every crossroads wanted to bid on these things, and we ran up, I think, on some of this stuff as high as 14 and 15 bidders, and naturally when Pilkerton came in here with that very low price on one batch, he was \$18,000 below everybody else on his valuation—

Mr. FULTON. And even then it was 30 percent above his cost after he had obtained it from the contractor.

Mr. KINGSLEY FERGUSON. Yes, sir.

Mr. STIRTON OMAN. No, sir; it wasn't 30 percent.

Mr. FULTON. It is 30 percent if you take his \$186,000, which is the valuation.

Mr. KINGSLEY FERGUSON. I don't know about those.

Mr. FULTON. These are from his attorney in his office.

Mr. STIRTON OMAN. I don't know about that. I am not familiar with it, but the whole country bid on them.

Mr. FULTON. Even after he puts 30 percent on it and pays the distributor a price that presumably allows the distributor to make a profit, he is still far lower than the average equipment dealer who tries to sell the Government?

Mr. KINGSLEY FERGUSON. He still saved the Government money.

Mr. STIRTON OMAN. We even came to Washington to get bids, and I know that on some trucks he was a couple of hundred dollars lower than one of the big dealers in Washington was.

Mr. KINGSLEY FERGUSON. Mr. Fulton, I would like to point out along that general line of questioning, if we were to go out and check what everybody was going to make on those deals where they are low bidder, we would have to have an investigating force that would cost the Government several million dollars.

Mr. FULTON. I don't know why.

Mr. KINGSLEY FERGUSON. I do.

Mr. FULTON. Because it probably cost us about \$10 to obtain that information by simply asking for it.

Mr. H. K. FERGUSON. And ipso facto.

Mr. FULTON. He certainly could have given it at the time.

Mr. H. K. FERGUSON. I don't think he would. He had a man come to Washington from Memphis to complain that he didn't get the bid on which in one place Pilkerton's quotation was \$300 per unit below this man.

Mr. STIRTON OMAN. That is right.

Mr. FULTON. Had he any relative, Mr. Oman, who was employed by your firm?

Mr. STIRTON OMAN. He has a sister who has worked for us in the Oman Construction Co.'s office for about 17 years, but that absolutely has no connection whatever with this man.

Mr. FULTON. And did that sister have a son?

Mr. STIRTON OMAN. Yes, sir.

Mr. FULTON. And was that son employed by you?

Mr. STIRTON OMAN. For a very short while. He is in the Army now. He went in in the first call this year, I think. He was employed in Mr. Foltz's office there for possibly 2 or 3 months. I don't know just how long he was there.

Mr. FULTON. Mr. Pilkerton, in a letter to the committee, dated October 16, asked the expressed question whether there were any relatives employed by the contractors or Government, answered "no."

Mr. STIRTON OMAN. There must not have been any then.

Mr. FULTON. Despite his nephew.

Mr. STIRTON OMAN. His nephew wasn't there at that time.

Mr. FULTON. You mean he construed it as being of the date he wrote the letter?

Mr. STIRTON OMAN. I couldn't tell you how Mr. Pilkerton construed it.

Mr. FULTON. But in the next paragraph he mentions the name Gordon Hillman as a former employee, but not as a relative. He was a nephew as well as an employee, was he not?

Mr. STIRTON OMAN. I couldn't tell you the family—

Mr. FULTON (interposing). Do you know why Mr. Hillman, who was employed by the Nashville Motor Co., to the amusement of Mr. Ferguson here, was transferred to the contractor's pay roll?

Mr. STIRTON OMAN. Yes.

Mr. FULTON. Why?

Mr. STIRTON OMAN. He was working for Mr. Pilkerton. As I remember, he helped him deliver a lot of trucks and things down there and got the records straightened out for him on deliveries;

but before he went to work for Mr. Pilkerton, he had an application in. He was a very high type of young man and had been with a big hardware concern, which hasn't gotten any business down there, before he went to work for us. H. G. Lipscomb Co. was the concern, and I don't think they sold anything to the project at all.

Mr. FULTON. Particularly, though, do you know why he was transferred from Nashville Motors, which was apparently about to have this big increase in business and therefore could probably use their employees, to the contractor's pay roll?

Mr. STIRTON OMAN. He wasn't transferred, Mr. Fulton. He had in an application. When a job was open for him, he got it. He was in the draft, and when it came his time to go, he went right on and made no effort to stay out that I know of.

Mr. KINGSLEY FERGUSON. Along that application line, I would like to point out, too, that we had 90,000 applications from the State of Tennessee and approximately 15,000 jobs, and as it finally worked out, we had around 75,000 people pretty sore at us.

Mr. STIRTON OMAN. Mr. Hillman was never in a position and was not connected where he could divulge any information if he wanted to, but he is not the type of man who would ever have done that. You can clear your mind on that.

Acting Chairman MEAD. Do any members of the committee have any questions to ask?

Mr. KINGSLEY FERGUSON. Mr. Chairman, in the interest of the public's knowledge of this thing, I believe there is one very important point that should be brought out. The public has been led to believe that we have taken a \$20,000,000 contract and run it up to \$51,000,000 already spent. That is not true, and the progression up to the amount of money which we will spend on this job, amounting to thirty-eight or thirty-nine million dollars, is clearly explainable in additional work.

Mr. FULTON. Well, now, you mean that you contradict Major Horridge's figure in his testimony?

Mr. KINGSLEY FERGUSON. No, sir. I mean that the part of the job which we are responsible for—

Mr. FULTON (interposing). Is \$39,000,000?

Mr. KINGSLEY FERGUSON. Amounts to \$39,000,000. That is the part that the contractor and the architect-engineer will spend, and, because of the importance of that point, we have asked Mr. Ferguson to outline and delineate the progression from that original figure that has been used by the committee, of \$20,000,000, on up. It is so clearly explainable that that charge is totally unjustified.

Mr. H. K. FERGUSON. It will take about 6 minutes, sir.

Acting Chairman MEAD. You are finished, are you, Mr. Oman?

Mr. STIRTON OMAN. No, sir; I am not. I want to correct this road cost which Major Horridge gave to the committee in Memphis.

COST OF CEMENT ROADS

Acting Chairman MEAD. Do you want to put it in the record?

Mr. STIRTON OMAN. Yes, sir. I would like to put it in, and I have substantiating evidence, that the roads down there have cost \$23,432.06 a mile.

Mr. KINGSLEY FERGUSON. Which is half of the cost of a concrete road.

Mr. STIRTON OMAN. Including the surfacing. Now, the comparative price: When asphalt is laid and put on the road, our cost has been \$1.03 a square yard against the average price of the Tennessee Highway Department's bid for concrete paving of approximately \$2 a square yard, or a saving of about half to the Government.

And I have an affidavit here from the man whom the committee had before them in Memphis, the Portland Cement Association's representative, who made the statement that concrete pavement could be built for a certain price. I have another affidavit from him, stating that that was the lowest price just on the pavement alone.¹ This price that we give means grading, clearing and grubbing, paving and all. The price that he was talking about was just the concrete slab, and we want to get that cleared up.

Mr. MANIER. We had no chance to cross-examine him, and, of course, the testimony appeared to the public as though he were talking about a concrete highway complete, but he was talking only about the paved slab on a concrete highway, and we have his affidavit here fully correcting that.

Mr. STIRTON OMAN. I would like to submit to the committee that we have built on this project—and as I understand from Major Hofto this morning these roads have already been turned over and accepted—91.485 miles on the Wolf Creek ordnance plant, and we have built on the Milan ordnance depot the equivalent of 143.853 miles, or a total of 235½ miles of road that we have built on these two projects this year, and that is a lot of roads.

When the contracting board called up here, they said, "We want a contractor that can build a road from Memphis to Nashville quicker than anybody else, and that is just about the distance." I didn't know then that there was going to be that much road. When we started there were only going to be thirty-some-odd miles of highways and 40 miles of railroads. We have built 67½ miles of 90-pound rail, with I forget how many hundreds of turn-outs on it.

Mr. JOHN OMAN, Jr. One hundred fifty-seven turn-outs.

Mr. STIRTON OMAN. Which runs the cost of railroads up. Those roads were built ahead of the buildings, and the railroads were built ahead of the power line, the substation, and before the water system and the sewerage systems were in, and that is the reason that this job is ahead of all the rest of the ordnance plants in the United States today, and it was started last—due to the fact that they did have some way to get to the buildings instead of having to pull every truck that went in with a big tractor and tearing the truck all to pieces. They had roads to get there on.

Besides these roads we built 62 miles of temporary roads which have been constructed in there, and, gentlemen, that is a lot of work.

Acting Chairman MEAD. All right, Mr. Oman, you may insert that in the record, and the interpolation will serve to emphasize the point you want to make.

I just want to say that if you are able to straighten yourself out and if Mr. Ferguson is able to do likewise, you are going to put these Army

¹ See Affidavit No. 77, appendix, p. 3562. See also Affidavit No. 77-A, appendix, p. 3563.

planners in an awful mess, because somebody is responsible for the tremendous uppage on this job.

Mr. KINGSLEY FERGUSON. That is what we want to explain.

Acting Chairman MEAD. I am beginning to think that the Army made a contribution toward it. Mr. Ferguson, you have the floor now.

Mr. H. K. FERGUSON. Thank you. I have been waiting through eight sessions for this opportunity.

Acting Chairman MEAD. The committee has been very liberal with you people in giving those eight sessions——

Mr. H. K. FERGUSON (interposing). I think you are liberal.

Acting Chairman MEAD. Most of which went to your side of it.

PROBLEMS OF CONSTRUCTION

Mr. H. K. FERGUSON. When we started this job, I don't think that anyone knew what was to be built. We were called in by——

Acting Chairman MEAD (interposing). Does that apply to the Army?

Mr. H. K. FERGUSON. Yes, sir; to all of us, because——

Acting Chairman MEAD (interposing). I am beginning to think so.

Mr. H. K. FERGUSON. They had no background for the new type of high explosive shell loading. They have been kept on low appropriations for a good many years in peacetime, and they have had to grow at a very high rate of speed overnight.

Mr. FULTON. Major Horridge, I think, agreed with you on that when he testified that it was a 1917 plant.

Mr. H. K. FERGUSON. May I have a chance? Nineteen-seventeen estimates, sir, not a 1917 plant.

Mr. FULTON. He said they were still revising it, I think.

Mr. H. K. FERGUSON. That is exactly right, and the revision has gone along through the progress of the designing, and the designing will not be entirely finished until the construction is complete and the plants are in operation.

Acting Chairman MEAD. All of which brings to mind the evidence of one Army representative who, when asked by the chairman of the committee why he didn't have some plans to meet this emergency, said, "We didn't figure that there was going to be another war."

Mr. H. K. FERGUSON. All right, may I talk for a moment without interruption, please, gentlemen?

We were called down here and told that we were to build a plant which would satisfy ordnance requirements and meet the supervision of Procter & Gamble, which is the operating contractor. We have cooperated with them through a long period of time.

We were further given an estimate of eight-million-one-hundred-some thousand, which was later amplified by about \$300,000 for some omission on the part of an estimator. At the time that estimate was given us, we were told that it was extremely low, because the Government had very shrewd bargainers, and they were basing our fee on a price that was about half of what the probable cost for the plant as then contemplated would be.

Now, at the time of that estimate, sir, the amount allowed in it for roads was \$330 000, and if that amount would come anywhere near building 91.5 miles of black-top road and 60 miles of temporary road, then I am the sucker of the Southland.

Now, in addition to that, they had an estimated allowance of about 45 miles of railroad, and the total on the Wolf Creek project was 67.

The estimate was set up on the basis of 82 storage buildings, and there were 216 required.

I heard somebody talking about TNT the other day. TNT is just a joke as an explosive compared with the things that we have down there.

We have tried to bear in mind three things. One of them is written in our contract. We must do it in the shortest possible time. Another thing that has been before us all the time is that since it is a high-explosive plant, with enormous rendering powers behind fortuitous explosions, we have had to build it carefully and as well as we could with the time at our disposal. I have been told my men who have seen the results of those chance explosions what happens to the people who are involved in them. I have no desire to see that because of careless work on our part.

In addition to that, we have one other element in any good job—time, quality, and cost. It is also written into our contract, in addition to the statement that we must do it the shortest possible time—and I can give you chapter and verse as one Bible student to another—that we are not responsible for the estimates of cost.

We were also told that we should try to make this a job that would deliver shells quickly, loaded and ready to go, and we have at all times had that thing in front of us, Senator. We are loading shells from several lines now. We expect to turn over three or four more during this present week, and we will be through with this job come the 1st day of January. We are 96 percent complete on the Wolf Creek ordnance project now. We didn't get a start until the first week in February. At that time the Government didn't own a single piece of land. We brought in surveying crews and got surveys in less than 60 days which it took other jobs from 4 to 6 months to get. We have laid out railroads; we have built them.

The total upping on cost on these wholly unforeseen things that came up on this project was: Road construction, \$2,950,000; railroads, about a million dollars; storage building, about \$2.159,000.

Mr. MANIER. Because of the increased quantities.

Mr. H. K. FERGUSON. These are all things over which we have had no control whatever, sir. They were demanded by the men who knew these high explosives, the experts of the Ordnance Department and of Procter & Gamble Co.

The things that are left out of our control are roughly as follows: Procter & Gamble undertook, as engineering consultants, to buy the equipment. We are to place it. They have done that, and we have almost all of it placed at this time. The total amount allocated for that under the present estimate was \$4,500,000. The land purchases will come close to \$2,500,000. The overhead of the Army here in Washington, over which we certainly have no control, is also chargeable in that \$51,000,000, as is also the overhead of the Army on this job. There are many other items that go into it, so that we have actually spent on the job as of November 15—our cash statement is right here—\$23,000,000 on the ordnance project, which is 96 percent complete at this time, Senator, and the bills are paid right up to the minute.

We have borrowed a total—Oman, Ferguson—of \$5,000,000 at the banks to keep these bills paid.

Mr. MANIER. On which you have to pay interest?

Mr. H. K. FERGUSON. On which we are paying the interest out of our fee, Mr. Fulton, and there is a chance there for Government saving if they would set up a revolving fund. The Government can borrow short-term money at a much less rate than we can borrow it, and save the difference, if they will elect so to do.

On the storage depot we had spent, as of November 15, \$6,235,000, and that job was over 50 percent complete.

Where somebody gets this erroneous idea that we are the custodians and the wasters of \$51,000,000 is beyond my judgment and certainly beyond my consent.

In conclusion, I simply have one or two other things to say.

We believe that the accounting system of the Army, starting practically from scratch, needs streamlining desperately. I think you will probably agree with that. We understand that that arrangement is under way, and we would greet it with a great deal of welcome, because some of the things that have held over from the last war have tied our hands until we have had to fight until our men cried, actually cried, in my presence over the way they could not get results.

We have worked them early, late, Sundays, holidays, Saturdays; and every other time to make this job move, and the chances are that we will complete it ahead of all the other projects, some of them started a year ago September, some of them started in November, but we are out in front ahead of them because we have taken the speed thing seriously.

In addition to those things there were added two loading lines, which came into the project long after it was started, I think about the middle of June, and those things added to the cost of the project over \$2,500,000; and that, Mr. Fulton, is the way this build-up has occurred. We are well satisfied that an over-all appraisal of the plant when we are finished, not a check as to whether it cost \$1.50 to repair a tire or what not—although there was a very low operating charge on our cars over all—will show that this plant was built at prices which we have had to pay on the competitive bids and under the conditions which we have had to work, with heavy overtime because we were trying to catch up for an economical time down there when we were allowed to work no overtime, with bad weather, with the equipment situation as you must know it is—Mr. Oman had eight Caterpillar tractors commandeered at Fort Knox on the way to this job by some stripling second lieutenant, who was a pretty good man on his own job. We have tried under all those obstacles to get this work done, and we are satisfied that when a qualified appraisal of the property is made when we are finished, estimated under the conditions under which we have worked, it will more than bear that fact out.

I have one other thing to say, and that is this: My father taught me the Preamble to the Constitution of the United States, which still is a good thing.

We, the people of the United States, in order to provide—

I have forgotten some of it. I am getting along in years, but don't worry about that—

in order to form a more perfect union, establish justice, insure domestic tranquility, provide for the common defense, and promote the general welfare, do ordain and establish this Constitution for the United States of America.

We have tried to stand up to it.

We were told that we had as bosses, first the constructing quartermaster's department, which is named in our contract as the men to tell us what to do; secondly, our engineering background with ordnance and Procter & Gamble. We have tried to meet the requirements of all those chiefs. I never knew anything about Senator Truman or Mr. Hugh Fulton until some months ago. We have had questionnaires from them, and we have tried to fill them out to the best of our ability.

We have met two of the requirements—good quality and fine speed—and we have done our best to do what informally the Government men told us to do: Spend their money as we would spend ours if we had the Government's resources and the Government's emergency back of us.

I thank you, Mr. Chairman.

CONTRACTOR'S PROFIT

Mr. JOHN OMAN, JR. May I say one word? I haven't taken up much of the time of the committee.

It has been said quite frequently that the contractor is just spending this money recklessly. I want you to know that every addition to the cost of that job also cost us money, because when we started out we figured that we could handle this job with \$2,500,000. We had to borrow \$5,000,000. I think our interest for last month was \$8,500. It should have been half of that. We should have gotten along, if these estimates had been correct, with about \$4,200. So that the additional cost of this money comes out of the contractor's pocket in part. It costs us about \$4,200 more every month, all of which comes out of our fee, than it would have cost if we had been able to build this job for the prices set out in our contract.

Mr. MANIER. Your total interest charge would be about \$55,000 coming out of your fee?

Mr. JOHN OMAN, JR. Yes, sir; and that is going to cost us about \$30,000 more than estimated in that.

I thank you very much.

Mr. H. K. FERGUSON. May I add the fee amount? Our total amount of fee, Oman and Ferguson, is \$494,000. Of that, more than \$100,000 is already obligated for nonreimbursables, including the interest charge which Mr. Oman spoke about.

Mr. FULTON. Does that mean, then, that—

Mr. H. K. FERGUSON (interposing). That means that our gross take for the job is less than \$400,000 which, split two ways between us, amounts to \$200,000 for Oman and \$200,000 for Ferguson.

Mr. FULTON. And then the architect-engineer's fee, too.

Mr. H. K. FERGUSON. Yes; I will get to that in a moment. Anyone who runs a main office, operating widely, knows that you must have main-office overhead, and, speaking for the Ferguson Co., our main-office allocation to this work cannot be less than \$50,000 for overhead. That leaves us a net total of \$150,000 from the job, \$100,000 of which goes back to the United States Government next year in taxes. In other words, our net, after we are all through and maybe with some deductions for the expenses of investigations and other things, will be \$50,000 on this job, less those additional expenditures.

Now, about the architect-engineer, sir. That total of \$400,000. Mr. Chairman, is less than 1 percent of the cost of the work which we have

been called upon to do. That fee was built up—you have some of the shrewdest buyers I have ever seen. The fee was built up first with a fixed fee on a very low estimate on the original job. Second, they put the added work down there on the basis of supplementary contracts, because a larger contract carries a lower rate of fee, so that when they built this organization job of the ordnance project up by adding the ordnance storage depot to it, they increased the total amount to where a lower rate of fee took effect on the added work than would have been paid if it had not been made a supplemental contract.

I have the figure right here which I can give you in just a moment. The total fee on the first job was \$279,000, and the fee on the second job, which was \$2,000,000 more than the amount originally estimated for the Wolf Creek project, was \$215,000. Otherwise it would have been about \$300,000 and something. That is the saving that they made by that supplementary contract use instead of by a separate contract.

In addition to that fact they gave us on our original agreement a \$73,000 engineering fee, and on the storage depot an investigation fee of \$10,000. Those fees were later amplified by a \$4,850 increase for tool engineering on the tool lines on the main plant, and \$35,150 on the supplementary work on the ordnance depot. Our total fees for this job, therefore, from the standpoint of engineering, are \$123,170, on the basis, roughly, of \$40,000,000 worth of work—maybe thirty-eight or thirty-nine. We will know pretty soon. It is small; it is extremely small. That engineering charge includes our services in getting all the typography and everything else that goes with it, with the result that our net on the cost of the engineering from the job will be about 12½ percent, and on private work we have never worked for less than 50 percent fee in addition to the cost of the engineering.

Just making a brief comparison, we are getting 1 percent fee on the gross, on the total cost of the construction work, and on private work for a job of this magnitude the fee would have been from 2½ to 3 percent. In other words, we are working for the Government for two and one-half times less or three times less than we would get on private work.

Similarly, on the engineering we are getting 12½ percent, roughly, on the total cost of the engineering, as against a minimum of 50 and sometimes 75 percent on the cost of the engineering.

Now, if you will just give some thought to the fact that our company, in the last analysis, has taken the job that we have had, has worked as hard as we have done, and has taken all the hell we have had from everybody concerned for a final payment of \$50,000, you ought to know what we are going through right here.

MR. FULTON. Mr. Ferguson, how much would you estimate your out-of-pocket expense was on that architect-engineering?

MR. H. K. FERGUSON. I think we have done that job for a minimum of \$50,000 out-of-pocket expense.

MR. FULTON. That would leave about \$73,000, approximately.

MR. H. K. FERGUSON. My wife and I talked this thing over before we took this job, and we agreed that we wouldn't make a dollar out of it, and we went into it because we felt we had a definite obligation to our important customer, Procter & Gamble.

MR. FULTON. That is \$150,000 on the net, over and above out-of-pocket?

Mr. H. K. FERGUSON. I beg your pardon, sir?

Mr. FULTON. Your estimate was about \$150,000 on the Ferguson net from the contracting standpoint, and \$73,000 on the Ferguson net from the architect-engineering standpoint?

Mr. H. K. FERGUSON. My estimate of the net—you mean before taxes?

Mr. FULTON. Of course.

Mr. H. K. FERGUSON. That is correct; yes, sir.

Mr. FULTON. That would be a total of about \$223,000 net before taxes.

Mr. H. K. FERGUSON. No, sir; I did not say that. I said that our fee from the architect-engineering arrangement was so low that I figured that we would be out of pocket about \$50,000 on that contract.

Mr. FULTON. You mean you spent \$170,000?

Mr. H. K. FERGUSON. Yes; we will have spent \$170,000.

Mr. FULTON. That includes architect-engineering?

Mr. H. K. FERGUSON. Yes; that is right; for fees that don't total that much. The reason for that is that we have about 20 men down there, for one thing, that we are paying more money to than the Government allows us to pay them, because the classifications will not permit them to get what they can get in the open market.

Mr. FULTON. How much, then, would be your total net before taxes, as you figure it?

Mr. H. K. FERGUSON. One hundred and fifty thousand dollars—wait a minute now. No; nothing. You mean on the architect-engineering only?

Mr. FULTON. How do you figure nothing? I am talking about both.

Mr. H. K. FERGUSON. If we had \$150,000 from the construction job before taxes and we lost \$50,000 on this thing, that would leave us with \$100,000 before tax, of which the Government will then take about 60 percent, and leave us about \$35,000.

Mr. FULTON. As to that \$100,000, how much did you report in taxes for the year 1939?

Mr. H. K. FERGUSON. Not a cent. We didn't start this work until February.

Mr. FULTON. I am talking about H. K. Ferguson. What were you in the habit of making in 1939, for example?

Mr. H. K. FERGUSON. You mean for the corporation? I couldn't tell you without looking it up, sir.

Mr. FULTON. Was it as much as \$100,000 net?

Mr. H. K. FERGUSON. I wouldn't know.

Mr. FULTON. Was it that much?

Mr. H. K. FERGUSON. 1939 was not a particularly good year for us. I don't know.

Mr. FULTON. It wasn't \$100,000 in 1939?

Mr. H. K. FERGUSON. Don't misunderstand me, sir. I am not complaining about the earnings, if anything. I would be willing to pay \$50,000 as an American for the privilege of having done what we have done.

Mr. FULTON. Just to make it clear, do you say you are receiving less income now than you were in 1939?

Mr. KINGSLEY FERGUSON. Of course not.

Mr. H. K. FERGUSON. I don't think so because we have a great amount of private work in addition to this on defense plants that is very much more profitable than this work can possibly be—because we have found no case of any contractor having a Government job who hasn't gotten a lower amount from his fee than his average net earnings for the 5 years preceding.

Mr. KINGSLEY FERGUSON. That is a very real question.

The point he is bringing out is simply that in working for private concerns it is possible to make more money with the same organization than you can working for the Government. In other words, when you take a Government job, as we did here, it absorbs half of your engineering organization; we had to pull that out of private work at higher rates of pay.

Mr. H. K. FERGUSON. May I answer your question categorically, as I understood it? We have come to the point where we can't do anything except defense work on account of the priorities situation. We have reached a point in our corporate earnings where the return to us, except from pure defense motives, is not adequate with regard to the efforts which we are compelled to make. Therefore, we have had to pick and choose the jobs on which we felt that we could be the most useful in producing the results.

Mr. FULTON. Have you asked for further defense contracts? Have you an application in now for any?

Mr. H. K. FERGUSON. Not now; no, sir.

Mr. FULTON. Is there any discussion of giving you one?

Mr. H. K. FERGUSON. I haven't heard of it. I have been religiously waiting, from an ethical standpoint, until the results of this investigation are announced.

Mr. FULTON. I take it you want none: is that it?

Mr. H. K. FERGUSON. We would like to have one good job as a background for employment for men whom we are receiving from this project who have proved their intense loyalty and their worthwhile disposition to continue defense work. We have broken some men down there, Mr. Fulton, who will never be the same again, and one of them is in Florida today at my expense with his wife trying to recover his health.

Mr. FULTON. And if you don't get a Government job, you won't be able to get private work?

Mr. H. K. FERGUSON. I will fold up if necessary, if the Government doesn't want me to work for them on the showing of having completed next to the largest of their ordnance plants in about 3 months less than the others are taking, and within the cost limits that are decidedly reasonable.

Mr. FULTON. But you wouldn't have private work if you don't get Government work enough to keep your staff going?

Mr. H. K. FERGUSON. I have private work, if you call it that, but it is work for private corporations who have defense contracts, plenty of them.

Acting Chairman MEAD. I take it, Mr. Ferguson, from the record which you gentlemen have submitted this morning, that much of the trouble arises from the War Department publicizing what turns out to be a \$50,000,000 project at a \$20,000,000 figure, and conveying the impression to the general public that this is a \$20,000,000 project upon

which they have inadequate plans, upon which they really do not know what they are eventually going to do. They create an impression that makes it very difficult for the contractor when the total amount is upped from what they originally publicized at \$20,000,000 to \$50,000,000. Therefore, the War Department ought to exercise some care in negotiating the contract, having in mind the expansion of the project which they may require from time to time, and giving that some publicity.

Mr. H. K. FERGUSON. Senator, I think you have put your finger on what I believe to be the biggest nigger in this woodpile. (You had better strike that out of the testimony.)

It is roughly this. When we work for a private corporation, we give them the bad news first, and then when we finish we are strongly cemented in their good will and with them for future contracts. Now in this case there are some contributing factors. In the first place, nobody knew when these five plants were let what a really high explosive shell loading plant ought to look like, how it should be served, not even where it was to be located, with the result that the estimates were not even correct as to the quantity of facilities, let alone the probable cost of those facilities. Then in comes some bright man in the bargaining section and says, "Keep the total estimated cost down and we will hook the contractor for fees." We started with a 3.42 percent fee on the Wolf Creek job. We got 2.15 on the addition at the lower rate, and when they are through with the uppage in cost we are down to 1 percent. Now I don't think that is good business from the standpoint of the Government.

Acting Chairman MEAD. Then to correct it, the Government ought to have what might be termed inadequate plans, calling for a \$20,000,000 project with supplements, the estimate of which are not available, and give that publicity, or the War Department ought to have complete plans and stick to them. And in the absence of complete plans—

Mr. H. K. FERGUSON. 'You can't get them.

Acting Chairman MEAD. And under the circumstances where they realize they are impossible, they ought to have partial plans, with additions to be made later.

Mr. KINGSLEY FERGUSON. They did.

Mr. H. K. FERGUSON. I will give you some.

Acting Chairman MEAD. And an estimate of the possible gross cost of the partial plans, and the supplemental plans, so that that might be given some publicity. Nevertheless, even though the publicity is given out that a \$20,000,000 project is to be constructed, that doesn't in any way forgive the representatives of the Government who are in charge of the project nor the contractors nor the subcontractors for conduct that is unethical.

Mr. H. K. FERGUSON. That is correct.

Acting Chairman MEAD. And the employment of relatives, and the uppage of salaries; the various other criticisms that have been brought out here that have been substantiated, at least in part, hadn't ought to be tolerated in any job no matter how much it was upped. But I can see where the War Department in the absence of sufficient plans hadn't ought to emphasize too much the fact that the project is

to cost a certain amount of money when they know that in the course of the construction the project will be doubled or tripled in size.

Mr. KINGSLEY FERGUSON. They probably didn't know that.

Mr. H. K. FERGUSON. May I give a specific example? We rate pretty well in the chlorine industry. I think the Senator knows the chlorine industry in the Charleston Valley pretty well. We have done a great deal of work down there. We were there for a call-in 5 years ago by the Government to make suggestions as to the cost of a chlorine plant. At that time they wanted us to make for them at our own expense a complete set of drawings for such a plant at a cost of about \$150,000. We couldn't do it. So we made them preliminary sketches and we gave them an outside price for estimating purposes which allowed for what has happened in the market. And this is the thing that you must bear in mind, please, sir. An industrial building that was built for \$1.75 a square foot in 1921 now, with the pressure that is put on more immediate delivery, will cost you \$4.50 per square foot; so that any estimates made in peacetimes are likely to be very fallacious when brought face to face with an emergency situation such as we have been told regularly faces us at this time, and I am beginning to believe it does.

Now, with regard to relatives, let me say this. We submitted to the House committee for our company a complete list as far as we knew it of every relative of every family on that job, and there were 70 such instances out of 16,000 people. If that is nepotism, I would like to search through Washington, also.

Mr. MANIER. They weren't only relatives of Ferguson-Oman.

Mr. H. K. FERGUSON. They were not relatives of Ferguson-Oman; they were cases of all people who were interrelated on that job.

Mr. MANIER. There were five Oman relatives.

Mr. STIRTON OMAN. Oh, no.

Mr. MANIER. How many?

Mr. STIRTON OMAN. Three. Seven all together related to the two of us.

Mr. MANIER. They were people who had been in key organizations heretofore, as for instance Mr. Kingsley Ferguson would naturally go on the job because he was an employee of the Ferguson Co. and happened to be the son of Mr. Ferguson, but he was also employed.

Acting Chairman MEAD. I don't believe there is anything wrong with that, but I believe there would be something if Mr. Ferguson went to work for the Government on this job, and that is the kind of nepotism that has been pointed out in the course of this hearing that I believe this committee objects to. And so far as nepotism in Washington is concerned, I don't claim that it isn't here. It is probably everywhere, but I know it isn't prevalent on this committee.

Mr. H. K. FERGUSON. We have no objections to it if it has other merits, sir. If it hasn't other merits, that is different.

Acting Chairman MEAD. In view of the testimony it wasn't on the merits, in all cases, so far as this project is concerned.

Mr. H. K. FERGUSON. So far as our company is concerned, any relatives have been carrying their own end of it.

Acting Chairman MEAD. I think the committee probably ought to hear some of the Government representatives that may have been

called or may not have been called to go into that subject. However, are there any other questions?

Mr. FULTON. No.

Senator KILGORE. I would like to ask him three questions before we adjourn.

In the first place, you mentioned \$39,000,000 and \$52,000,000.

Mr. H. K. FERGUSON. Fifty-one million.

Senator KILGORE. Fifty-one million. You stated also that the War Department costs were included in the excess. What part of that difference between 39 million and 51 million would be chargeable up as War Department overhead?

Mr. H. K. FERGUSON. I don't know, sir. I have no information on that. All I know is that we had a total of \$51,000,000 we were told set up for the project, and our figures show that we are to be responsible for about 39 million.

Senator KILGORE. You were the architect engineer on the job?

Mr. H. K. FERGUSON. Yes, sir.

Senator KILGORE. Looking back at it from the present situation, was there at the outset of this job, when you first started work down there, any part of the plant as now specified really in the form of specifications or hasn't this been one of those cases where a thing mushroomed and grew?

Mr. KINGSLEY FERGUSON. I can answer that, Senator. There was a large part of the plant already designed as to a specific building. You understand our contract was set up this way. We were supposed to design and build a plant to produce so many thousand rounds of ammunition of different types.

Senator KILGORE. Oh, your firm designed the buildings and also built them?

Mr. KINGSLEY FERGUSON. That is right.

Senator KILGORE. The War Department had no specifications or designs of that kind?

Mr. KINGSLEY FERGUSON. Yes. They turned over to us, for example, a typical and completely detailed assembly and shipping building.

(Senator Kilgore took the chair.)

Acting Chairman KILGORE. I see.

Mr. KINGSLEY FERGUSON. And we had to redesign it to conform with the ammunition that was being loaded in our particular plant. There was a wealth of that data, but—

Acting Chairman KILGORE (interposing). In other words, they handed you what might be called a stock plan.

Mr. KINGSLEY FERGUSON. That is right. That is correct, sir, except that it had to be redesigned as to size.

Acting Chairman KILGORE. And it had to be fitted into the picture by separate design.

Mr. KINGSLEY FERGUSON. Yes; governed by the size of the shell we were loading down there.

Acting Chairman KILGORE. That is all the questions I have. Do you have any questions, Senator Herring?

Senator HERRING. No.

Mr. STIRTON OMAN. I would like to clear one thing in the record.

Acting Chairman KILGORE. Go ahead.

Mr. STIRTON OMAN. There was reference made to 5 Euclid Tractrux which the Oman Construction Co. brought to this project and tried to put on. These Tractrux were brought to the project at the expense of Oman Construction Co., and were listed in that list of equipment which we were discussing a while ago, Mr. Fulton, and one of the Government auditors made the statement that he wouldn't have them at any price. We were not anxious to put any of our own equipment on this job, due to the fact that the rental was so very low. After the House hearing in Memphis the papers published a big picture of these machines that Oman tried to put on that were bought off of a junk pile or, as Mr. Bouck testified, at \$800 a piece at a sheriff's sale. They were sold for \$20,000, the exact amount which we asked the Government for as a recapture price, and there is an affidavit from the man who bought them, and when those machines were brought to this job I felt it was our duty to bring those machines down there and offer them to the Government in order to take off of this project machines that we were paying \$1,500 a month on, and these machines would have replaced them at a rental to us of less than \$200. or approximately \$200 a piece.

Mr. FULTON. How much did you pay for them, Mr. Oman?

Mr. STIRTON OMAN. I bought them for about \$12,000. I believe it was, from the Euclid Road Machinery Co.

Mr. FULTON. Of what city?

Mr. STIRTON OMAN. Cleveland, Ohio.

Mr. FULTON. And where are they now? Are they on a Government project?

Mr. STIRTON OMAN. No, sir; they are working on an Illinois Central Railroad job on a lump-sum job. This man, this outfit that bought them, are the real contractors. They knew the value. They came up and walked around them and bought them sitting right there on the project, and here is the letter. It says:¹

This is to certify that we bought from the Oman Construction Co. 5 Euclid Tractrux that were located at the Wolf Creek Ordnance Plant at Milan, Tenn., for the sum of \$20,000. We bought these machines to use on an Illinois Central Railroad contract.

Acting Chairman KILGORE. Do you want that put in the record?

Mr. STIRTON OMAN. Yes, sir.

Acting Chairman KILGORE. All right; put that in the record.

Mr. H. K. FERGUSON. Senator, I have one other thing. You have indicated the wish to know some constructive things that might come out of this. I believe that if the Government can presently set up a handbook of standard accounting procedure and a definite handbook as to things that should not be done on public Government jobs which would ordinarily be done or tolerated, at least, on private work, you will go a long way to avoid the necessity for these investigations which spring up lots of times out of loose talk, and which, when run to the ground, do not pay for the cost of the investigation and the time lost.

This thing has been hard from the standpoint of progress on this work and hard from the standpoint of cost, both on the part of the Government and us. We have a great lot of information which we

¹ See Affidavit No. 133, appendix, p. 3717. See also Memorandum No. 133-A, appendix, p. 3718.

collected that we are not even going to try to present. We believe our job will speak for itself, sir.

Acting Chairman KILGORE. Don't you also think that if adequate plans and specifications were prepared before the price was fixed on the job or before the estimates were made public that the job would be——

Mr. H. K. FERGUSON (interposing). It would take at least, under ordinary procedure, 14 months to make the drawings and specifications for this job bulletproof for competitive bidding.

Acting Chairman KILGORE. If there is nothing else, gentlemen, we will adjourn until Thursday morning at 10:30 and announce the subject later.

Mr. MANIER. That will include us?

Acting Chairman KILGORE. That is a different subject.

(Whereupon, at 1 p. m. the committee adjourned until 10:30 a. m. Thursday, December 4, 1941.)

APPENDIX

EXHIBIT No. 151

Wolf Creek

Contract awarded	1/16/41.
Work started	1/27/41.
Required completion	12/27/41.
Estimated completion	12/1/41.
Contractor	Ferguson-Oman Co.
Amount of contract (inc. suppl.)	\$16,562,357.
Present estimated cost	\$22,281,656.
Subcontracts number	62.
amount	\$2,679,251.89.
Amount of contract A/E	\$744,000.
Architect engineer	H. K. Ferguson Co.
Fee—Contractor	\$279,145.
Fee—Architect engineer	\$73,170.
Manhours to 9/15/41 A/E	478,041.
Contractor	8,885,670.
C. Q. M.	185,983.
Total buildings	395.
Total buildings floor space	1,446,573.59 ft.
Buildings complete 9/15/41	197.
Statistics:	
Water lines	145,000 ft.
Electric service lines	364,320 ft.
Sewer lines	52,455 ft.
Roads	78 mi.
Railroads	65.46 mi.
Water storage	800,000 gal.
Fencing	

Accumulated expenditures:	
For labor	\$9, 214, 773
Other than labor	12, 224, 336
C. Q. M. overhead	171, 678
Total	21, 610, 787

Wolf Creek supplement

Contract awarded	6/9/41.
Work started	7/20/41.
Required completion	2/1/42.
Estimated completion	12/15/41.
Contractor	Ferguson-Oman Co.
Amount of contract (incl. suppl.)	\$2,840,772.
Present estimated cost	\$3,215,827.
Subcontracts number	1.
amount	\$30,000.
Amount of contract A/E	\$105,600.
Architect engineer	H. K. Ferguson Co.
Fee—Contractor	\$52,978.
Fee—Architect engineer	\$4,850.
Man hours to 9/15/41 A/E	2,560.
Contractor	47,356.
C. Q. M.	1,134.
Total buildings	52.
Total buildings floor space	

Wolf Creek supplement—Continued

Buildings complete 9/15/41-----

Statistics:

Water lines-----	
Electric service lines-----	
Sewer lines-----	
Roads-----	4.5 miles.
Railroads-----	4 miles.
Water storage-----	
Fencing-----	

Accumulated expenditures:

For labor-----	\$36, 500
Other than labor-----	1, 487, 860
C. Q. M. overhead-----	
Total-----	1, 524, 360

Milan ordnance

Contract awarded-----	6/9/41.
Work started-----	6/26/41.
Required completion-----	6/1/42.
Estimated completion-----	3/1/42.
Contractor-----	Ferguson-Oman Co.
Amount of contract (inc. suppl.)-----	\$8,693,527.
Present estimated cost-----	\$12,573,984.
Subcontracts number-----	8.
amount-----	\$3,783,358.
Amount of contract A/E-----	\$381,473.
Architect engineer-----	H. K. Ferguson Co.
Fee—Contractor-----	\$250,775.
Fee—Architect engineer-----	\$10,000.
Man hours to 9/15/41 A/E-----	89,185.
Contractor-----	586,421.
C. Q. M.-----	15,671.
Total buildings-----	700.

Total buildings floor space-----

Buildings complete 9/15/41-----

Statistics:

Water lines-----	
Electric service lines-----	
Sewer lines-----	
Roads-----	113 miles.
Railroads-----	16 miles.
Water storage-----	
Fencing-----	24.8 miles.

Accumulated expenditures:

For labor-----	\$732, 410
Other than labor-----	7, 166, 583
C. Q. M. overhead-----	14, 342
Total-----	7, 913, 335

Analysis of estimate—Wolf Creek Ordnance Plant

Line A (complete)-----	\$1, 054, 197
Line B-----	1, 368, 098
Line C-----	1, 421, 781
Line D-----	1, 357, 750
Line E-----	358, 507
Line F-----	546, 366
Line G-----	708, 570
Line H-----	191, 938
Line I-----	137, 491
Maintenance Area J-----	462, 332
Line K-----	491, 362

Analysis of estimate—Wolf Creek Ordnance Plant—Continued

Storage Area L	\$559, 200	
Storage Area M	127, 540	
Storage Area N	346, 950	
Storage Area P	1, 548, 417	
Storage Area R	564, 200	
Storage Area S	919, 353	
Administration Area T	877, 224	
Staff Quarters Q	647, 200	
		\$13, 690, 467
Railroads	\$2, 345, 614	
Roads and parking lots	2, 531, 495	
Electric lines	628, 448	
Communications	313, 894	
Water system	731, 611	
Sewer system	264, 448	
Disposal plant	218, 731	
Fencing and lighting	778, 998	
		7, 813, 239
Installation of equipment		243, 200
Construction camp		534, 750
Lighting towers		
		22, 281, 656

Analysis of estimate—Wolf Creek Ordnance Plant, 37 mm. supplement

Line X (complete)	\$1, 563, 438	
Line Z	499, 999	
Primer line	135, 100	
Pelleting	27, 020	
Igloos	162, 893	
Warehouses	302, 400	
Inert storage	94, 967	
		\$2, 785, 767
Railroads	\$141, 600	
Roads and parking lots	147, 420	
Electric lines	13, 250	
Communications		
Water system	66, 800	
Sewer system	20, 490	
Disposal plant		
Fencing and lighting	40, 500	
		430, 060
Installation of equipment		
Construction camp		
Lighting towers		
		3, 215, 827

Analysis of estimate—Milan Ordnance Depot

Area 1 (complete)	\$947, 429	
Area 2	806, 381	
Area 3	1, 007, 690	
Area 4	1, 168, 120	
Area 5	1, 007, 691	
Area 6	707, 218	
Area 7	564, 784	
Magazines	332, 244	
Ramps and platforms	731, 148	
Administration area	764, 840	
		\$8, 314, 088

Analysis of estimate—Milan Ordnance Depot—Continued

Railroads.....	\$512, 217
Roads and Parking Lots.....	2, 477, 617
Electric lines.....	254, 772
Communications.....	
Water system.....	52, 939
Sewer system.....	15, 031
Disposal plant.....	
Fencing and lighting.....	142, 128
Installation of equipment.....	
Construction camp.....	74, 044
Lighting towers.....	
	<hr/> 4, 259, 896
	<hr/> \$12, 573, 984

EXHIBIT No. 152

SEPTEMBER 15, 1941.

STATE OF TENNESSEE,

Gibson County:

AFFIDAVIT of Mr. Joe Alessi, Jr., Badge No. 40789, home address, Independence, Louisiana, in reference to payments made to Hugo Glatt, Business Agent, of Cement Finishers Local 521.

I, the undersigned, do solemnly swear that the following statements pertaining to monies paid by me to the hereinafter mentioned agent of Cement Finishers Local 521 to be a true and accurate statement.

I paid \$80.00 to Hugo Glatt, to join the Cement Finishers Local 521. In addition to this sum, I have been paying 5% of my weekly salary to Hugo Glatt, Business Agent. Upon payment of this 5% of the wages, I received, and am receiving a receipt, called a working permit. I, along with other men who are making these payments, am allowed to continue working. Mr. Glatt has impressed upon me and upon other men that I know of that if this 5% of each weekly check were not paid, no one would be allowed to work and would be run off the job. In addition to this payment of 5% of wages received, I also pay \$3.00 a month regular Union dues. This is also in addition to the \$80.00 initiation dues.

On the night of August 30, Mr. Beecham and Mr. Collier, who are in Area D under Foreman Bryant, went around looking at all permits and took all the numbers for Mr. Glatt and worked four hours at that. Beecham was night Superintendent and went around with Collier to make these check ups. When Collier came back, Smith, Foreman in Area B, asked him where to charge the four hours he had been gone, and it was charged on a ramp in Area B. Smith, Foreman in Area B, signed the time card. Mr. Bryant had nothing to do with signing this time card.

Attached to this affidavit are receipts of 5% of my weekly wages, signed by Hugo Glatt. I quit here on account of this 5% in July and went to work for Reynolds Alloys Co., Sheffield, Alabama. The Financial Secretary, Mr. Reid, of the Cement Finishers Local 614, at that place, gave me a working card for the month of July, without charging me a nickel, and said that I did not have to pay any 5% or anything besides my monthly dues. Further, he said that the collection of any percentage of wages was illegal, according to Union rules.

98% of the men here would leave if they could get their Union cards, but Hugo Glatt has delayed giving out these Union cards, and it is believed by the men that it is done to hold them here in order to continue to collect the 5% of their wages.

I, Joe Alessi, Jr., do solemnly swear (or affirm) that I have read and understand the foregoing.

JOE ALESSI Jr,

Subscribed and sworn to before me, this 15 day of Sept., 1941, at Milan, Tennessee.

[SEAL]

LILLIAN J. JOHNSON, *Notary Public.*

EXHIBIT No. 153

[Copy]

AUGUST 14, 1941.

STATE OF TENNESSEE,
Milan, Gibson County, ss:

AFFIDAVIT of Mr. W. R. Dollard, badge number 3434, in reference to payments made to George McCandle, Recording Secretary, and Hugo Glatt, Business Agent, of Cement Finishers Local 521.

I, the undersigned, do solemnly swear that the following statements pertaining to monies paid by me to the hereinafter mentioned agents of Cement Finishers Local 521 to be a true and accurate statement.

That I paid \$80.00 to join the Cement Finishers Local 521. That in addition to this sum I have been paying 5% of my salary to Hugo Glatt, Business Agent. Upon payment of this 5% of wages received to a so-called steward who is sent around to the men to collect these payments, and upon making payment and receiving a receipt called a "working permit," I, along with other men that make these payments, am allowed to continue working. It has been impressed upon the men that if they do not pay this 5% of wages that they will not be allowed to work and will be run off the job. This 5% is referred to as a percentage and is considered weekly dues. In addition to this payment of 5% of amount of wages received, as stated above, I also pay \$3.00 a month regular Union dues. This is also in addition to \$80 initiation dues.

Receipts for this 5% for the months of May, June, and July, have been signed by Hugo Glatt, who is Business Agent of the Cement Finishers Local 521, and the receipt for August 8 is signed by George McCandle, Recording Secretary.

Although I have made the above payments and am not in arrears on any of these so-called percentages or dues, I have never been furnished a regular Union card from the Cement Finishers Local 521.

No other crafts are doing what this Local 521 is requiring workers to do. I have had five good men run off the job because they did not pay the required 5% of their salaries.

I, W. R. Dollard, do solemnly swear (or affirm) that I have read and understand the foregoing.

/s/ W. R. DOLLARD.

EXHIBIT No. 154

[Copy]

SEPT. 17, 1941.

STATE OF TENNESSEE,
County of Gibson:

AFFIDAVIT of Earl T. Daniels, Badge No. 40748, in reference to payments made to Hugo Glatt, Business Agent, Cement Finishers Local 521.

I, the undersigned, do solemnly swear that the following statement pertaining to monies paid by me to the Business Agent of Cement Finishers Local 521, to be a true and accurate statement.

I started work here the 9th of May, I saw Mr. Glatt and he told me that it would cost me \$80.00 to join this Union and that they would take out 25% of my wages until I got the \$80.00 paid, and then it would be 5% of my weekly wages, and \$3.00 a month dues. It was clearly understood by me that I was to pay that, and I got my book paid out in June, but have not received my card yet. I have been paying my 5% every Friday, but I understand that there are some that have quit paying that 5%, and I think that if one has to pay, all should.

/s/ EARL T. DANIELS.

Sworn and subscribed to before me this the 17 day of September, 1941.

/s/ LILLIAN J. JOHNSON, Notary Public.

"EXHIBIT No. 155," introduced on p. 2959, is on file with the committee.

EXHIBIT No. 156

Confidential.

TELEPHONE CONVERSATION BETWEEN MR. MCKAY, WASHINGTON, D. C. AND
CAPT. HOFTO RE: LABOR. SUBMIT INFORMATION ON B

SEPTEMBER 25, 1941.

MCKAY. Will you be good enough to have Lt. Pennington ease off on his investigation of labor charges.

HOFTO. We have already stopped it.

MCKAY. The publicity is unfavorable and in the opinion of this office it might lead to stirring up some labor trouble.

HOFTO. We have already stopped it. It has been taken over for a week by the contractor. By the way, did you know that Mr. Miller had gone.

MCKAY. Yes we did, and A. K. Ferguson has succeeded him.

HOFTO. That's right. That's the solution to it, and he has taken over completely. Anything that comes in we turn right over to him.

MCKAY. Thank you. On another matter entirely, you wrote for the designation of three shift Lieuts. as U. S. Deputies and then substituted Burress for Phelps.

HOFTO. I believe that Burress left us. He went back to the State I think, that's my recollection. Lt. Pennington explained that to me and as I recall it he went back to the State.

MCKAY. The way it stood originally Phelps, Williams and Burke were to be the three, then I —— that Phelps had fallen out and Burress had been substituted. You follow that. With the first submission the questionnaire came forward with the submission of account of Burress. I think through error those papers were omitted, although they are supposed to accompany the letter. Will you have that rectified.

HOFTO. You want us to submit Burress's information to you. Alright we will shoot it up to you.

MCKAY. O. K. thank you, goodbye.

EXHIBIT No. 157

WOLF CREEK ORDNANCE PLANT,
September 24, 1941.

MINUTES OF MEETING OF REPRESENTATIVES OF FOLLOWING ORGANIZATIONS

Mr. W. C. Brady, Plumbers and Steam Fitters, Jackson, Tennessee; Mr. J. H. Spears, Local #4 Sheet Metal Workers; Mr. G. M. Johnson, Carpenters Union; Mr. J. B. Moore, Plasterers and Cement Finishers; Mr. C. MacMillan, Electrical Workers, International; Mr. J. Barham, Local B 835, Electrical Workers; Mr. C. J. Williams, Brick Layers #2, Jackson, Tennessee; Mr. H. N. Estes, Painters #965; Mr. J. W. Rush, Building Trades Council; Mr. O. S. Tislow, Painter's International; Mr. Oneal Butler, Laborer's Local 1161, Jackson; Mr. Miller, Operating Engineers; Mr. Green, Operating Engineers, International Repr.; Mr. Hugo Glatt, Cement finishers and operative plasterers; also Capt. Hofto, Lt. Pennington, Mr. Atkin and Mr. Ferguson, and Mr. Lev Loring.

Mr. FERGUSON. As I understand it, Mr. Loring you wanted this meeting so that you could discuss some of the things you had on your mind.

Mr. LORING. If it is in order I think everyone here should identify himself. The reason I called this meeting with the Labor Coordinator on this project, the contractor mentioned to me that the construction offices of the U. S. Army advised him that certain assessments and permit fees are being levied by representatives of local unions of the building trades crafts who have an agreement with the contractor. These permit fees and working assessments would have to cease on this job or same would have to be taken out of the contractor's fee.

Capt. HOFTO. Who made such a statement?

Mr. FERGUSON. No, that is wrong. The statement was made that we are required to pay workmen at par and there was a possible construction of the contract regarding deductions made at the time they are paid which might be considered as violating this phase of the contract.

Mr. LORING. Possibly I misunderstood it and I accept the change on the record. There have been quite a few rumors and some mention made in an indirect way in the papers about the fees and assessments on this job and I want to ask the representatives of the army now if there is anything wrong with the procedure and if there is point it out to us.

Capt. HORTO. I cannot understand why the representatives of the army have been called to this meeting when it is a requirement of the contractor to maintain labor relations required under his contract.

Mr. FERGUSON. For quite some time now we have been getting from various individuals complaints from the trades that the rumors circulated about this job have reflected on their organizations. In accordance with Lt. Fuller's instructions we took up the matter of assessments. Their reaction to our request was one of questioning our authority to direct them as to the manner and method in which they assessed their members and further, at the same time, it was brought out that they felt that their prime purpose was being materially harmed by the rumors on the job which had tied them up publicly with the labor rackets which have gone on in the case of certain individuals on this project. As I understand it there are two separate subjects. One is their questioning of our authority to direct them regarding assessments and second is to take up with us and the army their method of publishing such news so that we can work out jointly a proposition which they feel will reflect to their credit. As Mr. Loring told me in our meeting last week they would like to know if in the opinion of the army there is anything wrong with our procedure. They have assumed that if there is anything wrong they want to clean house rather than have us do it for them.

Mr. LORING. If the army or the contractor has any information or any knowledge of any irregularities we want to know that. If there is a misunderstanding between the men on the procedure we would like to know that and get it cleared up.

Capt. HORTO. There is a Labor Relations Section of the Quartermaster General in Washington who work together with your folks in Washington. They work very closely and it has been expressed by them that they cannot understand why these additional local assessments are placed on these men. As I understand it, there have been some extra collections made from people on this job.

Mr. FERGUSON. That is, in addition to the regular dues and initiation fees.

Mr. LORING. Let's be specific and point out one or mention one case then we will take them in order.

Capt. HORTO. One case is the one that Hugo Glatt is connected with. The Cement Finishers.

Mr. LORING. Mr. Glatt will you explain that? How your organization works?

Mr. GLATT. Our organization works with the beginning of a new member coming in. They pay \$80 initiation fee, no cash only in case he claims he is a cement finisher and we have a possible doubt. Then we charge him \$10. Then if he is discharged he gets his money back by bringing the receipt back to me. That has happened only about four times. They usually do not want their money back. We informed them it was the government's money and we could not give them a trial. We give them the jobs on the basis that they were formerly cement finishers. If the men cannot earn their money they are to be discharged. One man said he did get in 15 hours but as soon as the foreman came around he was discharged. I gave him his \$10 but I have not seen him since. When a man gets his first pay he has to pay us 25¢ on the dollar. Then when he has \$80 paid he has to pay 5% of his earnings plus \$3 per month for dues. They are given that understanding before they make their first payment. They agree to that.

Mr. LORING. By what authority do you collect that 5%?

Mr. GLATT. In accordance with the rules of our local.

Mr. LORING. Do you have a copy?

Mr. GLATT. I have only one copy. It is not here. Our secretary is on convention at this time and I could not secure another copy. I do not have the new 1941 books. I do have the 1939 book.

Mr. LORING. Do you have the minutes of the meeting where the assessment was made. If so, may we have a copy of the records?

Mr. FERGUSON. While he is looking that up I would like to know if you are authorized by your International to make such assessments.

Mr. GLATT. The International O.K.'s them before we put them into effect.

Mr. LORING. I will read for the record. Section 55 of the Constitution of the Operative Plasterers' and Cement Finishers' International Association. Sec. 55.

"When a member goes into the jurisdiction of another local without his travelling book and works on permit, he shall be subject to all the laws of said local and may be charged dues from the first of the following month. He shall also be liable for any assessment levied by the local after starting to work in said local's jurisdiction."

"When an assessment is levied for a certain amount per hour while working, it shall apply to all members working."

SEC. 59. "Any member who is dropped for non-payment of dues and assessments, shall have the amount of his indebtedness registered at the General Secretary-Treasurer's office. Upon application for re-admission he shall pay in addition to the regular initiation fee, the amount registered in the General Secretary-Treasurer's office which amount shall be returned to the local registering it."

Mr. Loring then read from the minutes of their meeting of February 21, 1931, Local #521. Operative Plasterers' and Cement Finishers' International Association. "The executive boards report on the expense of running the local, resolves that we adopt a 5% assessment on the dollar made. Moved by M. T. Cardell and seconded by Charles Williams. This to take effect March 1 and for the rest of the year until January 1, 1940. Carried 11 to 4."

Capt. HOFTO. What happened after January 1, 1940.

Mr. GLATT. It has been reapplied each year except for one month during the Xmas holidays when we removed it as a Xmas gift to the members.

Capt. HOFTO. How does International approve.

Mr. GLATT. We mail them to them. We don't have the books right here but they are being audited and when they are turned over I can present them.

Mr. FERGUSON. Would you mind telling us how the money has been collected? That is, right here on the job.

Mr. GLATT. They come up and pay them every Friday and Monday at the Union Cafe at Graball and we issue a receipt.

Mr. LORING. That is about all I have for the record.

Mr. FERGUSON. The trouble with making these payments in a public place like that is that some member says he has been over to pay you 5% or someone has seen them handing the money over and it has been a hot bed for rumors of all kinds. The mechanics of your operation are not understood. Some of the people involved are prejudiced to start with and the net result of the method of collection is one that I believe is a detriment to the job. It is my opinion that was one of Lt. Fuller's objections to this. Regardless of the mechanics it was a public act that reflected on the job. I pointed this out to Mr. Loring in our meeting and it would be my recommendation that some method be devised that was possibly a little less conspicuous or that was confined to your office in Memphis so that the public does not receive the wrong impression. They get the idea that who is this man that he has the right to collect 5% from these men out of their wages. There are indications that there is a racket. There are possibly five or six instances in other trades where this is the case and I think we ought to hear from the others.

Mr. LORING. I will quote from the constitution of the Operative Plasterers' and Cement Finishers' International Association, Section 100. "In case of emergency or unforeseen conditions that may arise affecting the welfare of the O. P. & C. F. I. A., or any of its local unions and which is not provided for in the constitution that may require immediate action on the part of the O. P. & C. F. I. A. and its officials, The General President, the First Vice-President and the General Secretary-Treasurer as a joint committee shall be empowered to call for an assessment to meet any emergency that may arise."

Mr. FERGUSON. Our information is to the effect that the assessment in this particular case was not authorized with the consent of the International and I believe in the light of your statements that as soon as you can expeditiously do so some information from them should be submitted to us.

Mr. GLATT. As far as I can I will give you a case. We had four members on the Du Pont job who refused to pay the percentage and in taking it up with the International they were ordered to pay or be dropped from the local just like everyone else. I don't read all letters coming to the secretary but I did see that one.

Mr. FERGUSON. Does this practice prevail at other jobs?

Mr. GLATT. It only varies when a man is unable to make a living or too old or physically disabled and we lift it in these cases. If a man can make 50¢ an hour then we collect this fee.

Mr. FERGUSON. Does this prevail at other defense projects?

Mr. GLATT. On all work—private, army, housing projects, quartermaster's depot and it will prevail in Paris, Tennessee and on this job. Anything coming under jurisdiction, we don't treat any member different from another. We make donations to members at times for different causes. Sometimes a man has been out of work for some time and then we take up a collection for him.

Mr. LORING. May I ask this—your local union has autonomous rights to pass any legislation they wish provided it does not conflict with the general constitution. We have a couple organizations out here where they have assessments. Suppose I take the electricians first.

Mr. BARHAM. We have a 2% assessment. It is for the purpose of operating. It has been in effect since July 1938. I have a copy of our constitution here which shows this is permitted.

Mr. Loring read Section 2 of Article XXI. "All assessments shall be charged by the Financial Secretary against the member as regular dues, and must be paid within the time required, to protect the member's standing and benefits."

Mr. BARHAM. At our regular meeting on July 15, 1938 there was a motion made that a new meeting place which was found, be rented and a 2% assessment be made. There was an amendment made that each member be charged 2% working in Jackson. This was deferred until the next meeting. No assessment can be made the same night it is brought up in a meeting. It is laid over at least two weeks. On the next regular meeting night August 4, 1938 the motion was brought back to the floor and passed. The motion referred to in the last meeting regarding rental of a hall and 2% assessment for members working for any private construction company in the city of Jackson was carried.

Mr. FERGUSON. I presume the other cases are of the same nature.

Mr. LORING. Is there anyone else who would like to ask Mr. Barham any questions?

Capt. HOFTO. He said in the City of Jackson, does that mean Milan?

Mr. BARHAM. This local has been a mixed local. We have members working for the coops who don't draw much of a salary. They only pay dues and no assessments. We have been unable to bargain for them. We have books going through the time when we were working in Jackson. Every man paid during the 19 months of the WPA project. We have a weekly report in our Research Department. There is a card that every member fills out each week. That goes to our records and is forwarded to Washington. It shows his name, code number, classification, number of hours worked and rate per hour. We go by that in collecting the 2%.

Mr. McMILLAN. In reference to the assessments. If an assessment is levied against any member the receipt is made out in duplicate and a copy is turned into our International Office. The only difference between starting of the defense work and our local union in Jackson is that they reduced the initiation fee from \$50 to \$35 when this job started. It is now \$35. The assessment was put on at that time for the purpose of putting men out in the field for policing the contract work.

Mr. LORING. Is there anyone other organization that has an assessment.

Mr. BRADY. The Plumbers and Steam Fitters work on the basis of 5¢ an hour or 40¢ per day. I don't have the minutes here but it is universal. It is a little different from anyone else. All the men are imported from other places.

It is customary that the man's card stay in his home local. He only pays working assessment on this job. Defense work was decentralized to such a degree that it was breaking up our local. We might have four or five towns represented in one local. We waived our national policy and stopped clearance from one local to another. We used the working assessment. It started in 1936. It was placed then at the same rate as it is now. It was in effect until 1938. We took it off then and in 1940 we had a strike and we placed the assessment back on. It is being paid by members in Jackson. We have fellows here who have worked on every job in the United States. It is a universal practice.

Mr. LORING. For the records, I know it is being paid in Memphis, Nashville, St. Louis, Chicago and Little Rock.

Capt. HOFTO. How do you make collections?

Mr. BRADY. They are made by the foremen on the job. The men pay weekly. It is turned over to me. We make out duplicate receipts and one is returned to the foreman who returns each one to the individuals.

Lt. PENNINGTON. Is that the customary method of handling receipts.

Mr. BRADY. Some use this procedure. Some use punches. We think receipt is best method.

Lt. PENNINGTON. It shows that the Union received the money?

Mr. BRADY. That is right.

Mr. FERGUSON. Is that the same procedure used by your group Mr. Glatt?

Mr. GLATT. We don't stamp the receipts. The secretary signs the stubs of the receipts. Any time a member wants to know how he stands he can ask me and I will give him a statement. If they are in Memphis and come to the hall the secretary issues a receipt. If they pay me then the secretary marks the stubs paid.

Capt. HOFTO. Is the name of the Union on the receipts?

Mr. GLATT. The permits show the name but not the receipts.

Mr. LORING. When you write a receipt Mr. Glatt do you show on it \$5.00 received from member John Doe on assessments?

Mr. GLATT. No I show the date received from member so much money and if it is dues I mark it that way but on the bottom I sign my name. No one else is allowed to collect.

Mr. LORING. Do you sign 'Hugo Glatt' or Business Representative?

Mr. GLATT. I just sign my name. I mark B. A. and mark it temporary then when it comes back from the International, the secretary issues another card.

Mr. LORING. Don't you think it would work better and mean more to the men when they make payments on their 5% if you would show on the receipt what the money was for?

Mr. GLATT. The dues state what it is for. I know that some are marked percentage or P. C. which is same thing. I agree with you that it would not take much time to mark on the receipt what the money is for. Any man who wants to check can do so. We do have a bad method of people asked anyone and they tell them anything. The minute they are initiated they are allowed to vote. We don't usually pay much attention to rumors. We heard the same ones in the last war. There would be no reason not to mark what the receipt is for.

Mr. LORING. Mr. Johnson how do you handle your permits?

Mr. JOHNSON. We don't have any special assessments. When a man makes application for membership and pays up in full we give him a membership card. On members that come in and do not care to move within our jurisdiction we give them a working permit of \$2 per month. Those are the only fees we have. They deal directly with us.

Mr. LORING. On your permit do you have any authorization or procedure provided in your International constitution to govern that?

Mr. JOHNSON. Yes, I have it here. Rule 11 on page 13 of the Trade Rules reads as follows: "Any member of the brotherhood working in the jurisdiction of Local Union 259 shall pay \$2.00 per month for a permit until he deposits his clearance card. Any member found working with such members who have not complied with this rule shall be fined at the discretion of the Local Union. The steward shall be fined \$2.00 for not enforcing this rule."

Mr. FERGUSON. I think that pretty well covers the fees. I suggest you instruct our Personnel Office to instruct the men regarding each craft and their method of collecting. That is the only way we can keep the records straight.

Mr. LORING. If the representatives from the army have any question they care to ask or if there is anything they don't understand, we would be glad to answer it.

Capt. HOFTO. The main interest we have in all this is that the thing be carried on in the most legitimate manner. I don't have any criticism to make myself but the manner in which collections are made. I think, each one of you could relieve us and also your unions of a lot of criticism by giving proper receipts and collecting the money so that it appears to the outsider that it is properly authorized. These reports come in just as others have said from people who don't know what they are talking about. If everyone concerned stresses the point of keeping it on the level there would be no criticism from anyone.

Mr. LORING. I understand what you mean. I speak for the entire group. We are just as anxious to keep this on a high plane as anyone, either the contractor or the representatives of the army and I state now that if there is any reason or any indication of irregularities we want to know about them as well as anyone else. If there is a representative on this job who is doing something that will bring his union into a bad light it naturally reflects on all of us. We want to get it straightened out.

Mr. McMILLAN. We want to know these things before they happen so that we can take steps to correct it immediately.

Mr. LORING then called on Mr. Tislow of the Painter's Union to report.

Mr. TISLOW. Our union operates about the same way. The rules cannot be approved the night they are made. The entire membership has to be notified. We have a lot of places where we have a definite assessment. Our men don't like to lose out on the payment of death claims. Our permits are issued on the same lines as anyone else's. Everything has to be approved by the International.

Mr. LORING. Mr. Miller (Operating Engineers) what do you have to report?

Mr. MILLER. We have no assessments on our members. We have a working permit whereby a member coming from another organization can get a permit. It is universal practice throughout the country.

Mr. GREEN. I would like to ask Mr. Miller if he has a copy of our receipt books. They are made out in triplicate. He does not have any copies with him. Any man coming from a foreign jurisdiction is given receipt made out in triplicate. The member is given a copy, the local receives one and the International receives one. We don't work the non-union members on permit. The only men working on permits are members of the International Union in other locals. They come under the jurisdiction of another local unit. A fee is levied that is universal. We don't issue permits to non-union men but the men who make application are permitted to work immediately. We would like to dispel any idea that a man comes in and pays up some money and does not have a membership. There is no provision in our constitution for that. They can clear into the local union and not be charged any foreign dues, while the local unions do have the privilege of levying assessment provided it is approved by the president. On no defense projects that I know of is there an assessment being levied by any local union under my jurisdiction.

Mr. BUTLER. We don't have assessments at all.

Mr. SPEARS. We have no assessments.

Mr. WILLIAMS. Our initiation fee and dues have to be approved by the General President and executive board.

Mr. LORING. It does not apply to plumbers and steamfitters.

Mr. GLATT. All we have to do is notify the international.

Mr. BRADY. Section 63 of our constitution reads as follows: "Local unions collecting money as dues, assessments, etc., from any member indebted to a sister local may collect 10% in addition. The same to be held by the local union making such collection as a collection fee."

Mr. WILLIAMS. The brick layers have no assessments. We have to raise the dues if we want to get extra money. Our initiation fee is decided the same way. If someone comes in from another territory he can pay local dues and work right on. Since this job has started we have lowered the dues from \$5 to \$3.75.

Mr. BRADY. We have one of the highest initiation fees of any craft, \$125. Since this job has started to the best of my knowledge there have only been 3 members accepted. We have all the union men on this job.

Mr. GREEN. Our International constitution has left the entire matter to the discretion of the locals. Our present rules provide that the president cannot be elected by the convention. They can be nominated and the election of officers is by referendum.

Mr. SPEARS. We don't have any assessments. We don't issue any permits. If a man is not a member of the sheet metal workers we put him on the job and out of his first pay he starts paying. That money is collected by the secretary who issues an official receipt. The receipts are made out in duplicate and the man gets one and the local gets one. He only pays dues and initiation fees.

Mr. MOORE. The plasterers are the same as the cement finishers. We do have an assessment. Our local is so small that we are not able to operate unless we raise the dues which are only \$2 per month. We charge 25¢ per day.

Mr. LORING. I don't think we are interested in the reason for the assessment.

Mr. GREEN. The reason is that the man who is not working does not have to pay. While he is out of work the other members carry him.

Mr. FERGUSON. One of the complaints we have had is that they don't receive anything to show that they are actually members of the union.

Mr. GLATT. That is not true.

Mr. FERGUSON. We could refer these complaints to you and you could rectify them.

Mr. SPEARS. The Sheet Metal Workers issue an official receipt for the money collected either for the dues or initiation. These receipts are good any place in the U. S.

Mr. LORING. As coordinator, if there are any discrepancies either real or imaginary and those in authority on this job will bring them to my attention, I will immediately contact the union involved and their international representative and render a report in full on any discrepancies that may arise.

Mr. FERGUSON. One thing we have missed is that we do get an awful lot of complaints that take a lot of time. We know that some of them are not authentic. As a result of this meeting we should leave with one thing agreed—we have to depend on each one of you fellows to uncover these irregularities. You come in contact with the men and in several instances you have called some of these things to our attention. One of the reasons this current publicity has backfired is because we have not been alert enough to get these things weeded out. They are all working here to try and find something wrong and they have a lot of help from people who are dissatisfied. Consequently, I wish each one of you would point that out to your men and tell them we would like to have any information, on matters in the field that are irregular, brought to our attention. I believe in that way we can get these difficulties straightened out to everyone's satisfaction. The labor racket that grew up on this job was a tough nut to crack. Some of the people in the field came in only after they found out the army was going after them. They wanted to quit and we could have gotten the information quietly and worked something out but we could not. At the outset we might have been able to get cases like this straightened out. In the meantime, I think it would be a good idea if we would sit down with Lieutenant Pennington and Mr. Glatt and set up a system that will clear out these things once and for all.

Mr. LORING. If there is no other business we can close the meeting and I wish to thank each and everyone of your for coming in and helping us to keep this job one of the best jobs in the country today. If we will be on our toes in the future as we have in the past, the job will be finished as the best job that has ever been done in this country.

Mr. McMILLAN. Mr. Ferguson, I would like to have a copy of the minutes

EXHIBIT No. 158

On June 21, 1941, daily shop report in the Light Equipment Garage shows that a fire extinguisher was installed on truck number 2010, same requiring three hours for the total labor cost of \$3. It is the opinion of the Government Inspector of the Light Equipment Garage that this work could be accomplished in less than one hour. On the same date a fire extinguisher was installed on truck number 2012 and the daily shop report shows that same required six hours with a labor cost of \$6.

On this same date, June 21, daily shop report shows that vehicle number 2100 installed rings with a total parts cost of \$3.66 and same required 48½ hours with a total labor cost of \$53.88 which according to the C. Q. M. Inspector of the Light Equipment Garage this job should not have exceeded a total cost for parts and labor of \$20.

As of this same date, vehicle number 2146, according to the daily shop report, had its brakes repaired which required 10½ hours with a labor cost of \$14.38. No parts were required to do this job.

As of June 21, pickup truck number A2291, according to the daily shop report, received a general inspection with parts costing eleven cents but total labor shown as 12 hours and labor cost of \$12. On this same date pickup truck B2205, according to the daily shop report, had a tire repaired which required 3½ hours with a total labor cost of \$2.63 and with a parts cost of only sixteen cents. On this same date vehicle number 2335 is listed three consecutively times, once for lubrication which required one hour and twice for a wash job which required two hours for each wash job. In other words, this vehicle was washed twice on June 21 which required a total of four hours and evidently was lubricated which required one hour or a total of five hours for a wash and lubrication job.

On this same date vehicle number 2336 had the oil changed and according to the daily shop report it took one full hour to insert five quarts of oil into the motor. This report of June 21 shows numerous wash jobs requiring two hours each and numerous lubrication jobs requiring one hour each.

On this same date vehicle number A2366, according to the daily shop record, required 41 hours in the shop with a total labor of \$41.76 to repair a missing motor. This vehicle is listed four consecutive times. The first description on this vehicle is one quart of oil, no cost. The second listing is to repair missing motor, one-half hour, cost fifty cents. The third listing to repair missing motor 41 hours at \$41.76, and the fourth listing is to repair a missing motor, 4½ hours with a labor cost of \$4.63 and a total parts cost of two cents. Consecutively and according to this report it required 46 hours to insert one quart of oil and to eliminate the miss from truck number A2366.

On this same date, June 21, vehicle A2385 was sent to the shop and according to the daily shop report the same had the carburetor rebuilt. According to this report it required 12 hours to do this job with a total labor cost of \$16.26 and a parts cost of \$2.38 or a total cost of \$18.64. Please note that this is for the rebuilding of a carburetor.

On this same date another truck B2346 has been listed three consecutive times under this date. The first listing is to repair a tire which required 4½ hours with a labor cost of \$4.63 with a total parts cost of \$11.03 which was evidently the purchase price of a new tire, and yet same required 4½ hours to mount. The second listing was to repair a gas tank which required 15 hours at a labor cost of \$15 and a total parts cost of sixty-three cents. The third listing is for placing within the motor 7½ quarts of oil which according to this record required one full hour.

Under this same date, vehicle number B2383, according to the daily shop report, had the self-starter repaired which required 9½ hours with total labor cost of \$9.38 and with parts cost of \$4.40 or a total cost of \$13.78. On June 21 this report showed that vehicle number 2334 was in the shop and according to the description same was to have motor assembled, repaired valves, installed manifold, tune motor adjust brakes, and same required a total of 48 hours with a labor cost of \$52 and a parts cost of \$4.55. On this same date vehicle number D2340 had the drive shaft installed which required 13½ hours at a total labor cost of \$14.63, and a total parts cost of \$15.20. The same vehicle was listed again on this same date as having received seven quarts of oil and a pound of grease which required one hour, and on this same date, this same vehicle received a wash job which required two hours.

On the date of June 21, vehicle E2319 received, according to the daily shop report, a general inspection requiring 10 hours with a parts cost of fifty-five cents but a total labor cost of \$10. It might be interesting to note that on this date June 21, 1941, a total labor cost of \$1,299.46 was expended in the Light Equipment Garage and that a total parts cost of \$205.82 was expended showing a gross total amount for labor and parts of \$1,505.28. This total cost was the servicing of approximately 300 vehicles and over one hundred of these vehicles received wash jobs.

This information has been secured from the copy of the daily shop record of the Light Equipment Garage as of June 21, and same has been more or less only "Spot Checked". We believe that if these records were delved into deeply that the waste of thousands of dollars would be revealed, and it is the opinion of this division that the reason for this excessive high cost is due to the fact that the Light Equipment Garage is over-staffed to such an extent that the various mechanics and mechanic helpers cannot possibly put in eight hours per day honest work. Therefore, three or four of these individuals' hours are probably charged to one vehicle.

"EXHIBIT No. 159" appears in full in the text on p. 3004

EXHIBIT No. 160

Report showing approximate time on listed equipment month of July

U. S. W. C.	Name	B/C or Idle	50% of time or more
5	Tractor, Caterpillar RD-8	B/C	60%
10	Tractor, Caterpillar RD-7	Idle	65%
11	Tractor, Caterpillar RD-7	Idle	74%
12	Tractor, Allis Chalmers HD-14	Idle Approx. 35%	
13	Tractor, Allis Chalmers HD-14	Idle Approx. 30%	
15	Tractor, Caterpillar RD-7	Idle Approx. 95%	
17	Tractor, Caterpillar RD-7	Idle	90%
19	Tractor, Caterpillar RD-7	Idle	90%
32	Tractor, Caterpillar D-4	B/D	75%
39	Tractor, Allis Chalmers HD-7	B/D	80%
40	Tractor, Caterpillar RD-8	B/D	40%
46	Tractor, Caterpillar RD-8	B/D Approx. 45%	
56	Tractor, Caterpillar D-4	B/D & Idle	90%
89	Tractor, Allis Chalmers	B/D	80%
90	Tractor, Caterpillar-40	Idle	50%
A-2	Tractor, International TD-14		55%
A-5	Tractor, Caterpillar RD-7	Idle	65%
A-40	Tractor, Caterpillar D-6	Idle	85%
100	Bulldozer, LaPlante Choate	Idle	100%
104	Bulldozer, LeTourneau	Idle	55%
110	Bulldozer, Allis Chalmers (Baker)	Idle	95%
115	Angledozer, LeTourneau	Idle	100%
124	Dozer, LeTourneau	Idle	80%
129	Angledozer, LeTourneau	Idle	100%
130	Angledozer, LeTourneau	Idle	90%
137	Bulldozer, LeTourneau	Idle	98%
201	Power Unit, Athey	B/D & Idle	100%
212	Power Unit, LaPlante Choate	Idle	99%
233	Power Unit, LeTourneau	B/D & Idle	100%
235	Power Unit, LeTourneau	B/D & Idle	99%
250	Power Unit, LeTourneau	B/D & Idle	98%
297	Power Unit, LeTourneau	B/D & Idle	50%
302	Shovel, Koehring	B/D	99%
308	Backhoe, Insley	B/D & Idle	96%
501	Dragline, Koehring	Idle	100%
800	Sheepfoot Roller	Idle	99%
802	Sheepfoot Roller	Idle	100%
803	Sheepfoot Roller, Single	Idle	100%
806	Sheepfoot Roller	B/D Approx. 40%	
818	Wobble Wheel Roller	Idle	60%
900	Plow, LeTourneau Rooter	Idle	100%
901	Calcium-Chloride Spreader	Idle	100%
903	Air Compressor	B/D	100%
904	Air Compressor	B/D	100%
906	Pile Driver Rig	Idle	100%
907	Large Compressor	Idle	100%
908	LeTourneau Rooter	Idle	100%
913	Clamshell Bucket, Blaw Knox	Idle	100%
918	Compressor	Idle	98%
921	Clamshell Bucket	Idle	100%
928	Rooter, Garwood	Idle	98%
930	LeTourneau Rooter	Idle	99%
932	Clamshell Bucket	Idle	98%
933	Dragline Bucket	Idle	98%
935	Air Compressor	B/D	100%
936	Air Compressor	Idle	100%
943	Clamshell Bucket	Idle	100%
944	Clamshell Bucket	Idle	98%
945	Clamshell Bucket	Idle	99%
946	Clamshell Bucket	Idle	98%
950	Clamshell Bucket	Idle	98%
956	Bottom Dump Bucket	Idle	100%
959	Bottom Dump Bucket	Idle	100%
960	Bottom Dump Bucket	Idle	100%
961	Bottom Dump Bucket	Idle	99%
962	Bottom Dump Bucket	Idle	98%
963	Bottom Dump Bucket	Idle	99%
965	Bottom Dump Bucket	Idle	100%
966	Bottom Dump Bucket	Idle	70%
971	Floor Concrete Hopper	Idle	100%
972	Concrete Hopper	Idle	99%
974	Air Compressor	B/D & Idle	98%
975	Air Compressor	Idle	85%
978	Floor sander	Idle	95%
991	Compressor	Idle	93%
992	Compressor	Idle	92%

Report showing approximate time on listed equipment month of July—Continued

U. S. W. C.	Name	B/C or Idle	50% of time or more
993	Compressor.....	Idle.....	92 ⁰⁰ / ₁₀₀
994	Compressor.....	Idle.....	94 ⁰⁰ / ₁₀₀
A-909	Pole Setting Frame.....	Idle.....	92 ⁰⁰ / ₁₀₀
A-928	Key Seta Machine.....	Idle.....	99 ⁰⁰ / ₁₀₀
A-929	Pipe Threading Machine.....	Idle.....	99 ⁰⁰ / ₁₀₀
A-931	Electric Grinder.....	Idle.....	98 ⁰⁰ / ₁₀₀
A-948	Disc Harrow.....	Idle.....	87 ⁰⁰ / ₁₀₀
A-951	Drop Hammer & Follower Block.....	Idle.....	80 ⁰⁰ / ₁₀₀
A-952	Pile Driver Leads.....	Idle.....	80 ⁰⁰ / ₁₀₀
A-960	Pipe Threader.....	Idle.....	100 ⁰⁰ / ₁₀₀
A-961	Pipe Threader.....	Idle.....	100 ⁰⁰ / ₁₀₀
A-963	Pipe Threader.....	Idle.....	98 ⁰⁰ / ₁₀₀
A-964	Pipe Threader.....	Idle.....	98 ⁰⁰ / ₁₀₀
A-975	Table Saw, DeWalt.....	B/D 7 Idle.....	99 ⁰⁰ / ₁₀₀
A-985	Tank Car.....	Idle.....	85 ⁰⁰ / ₁₀₀
A-986	Tank Car.....	Idle.....	85 ⁰⁰ / ₁₀₀
A-988	Tank, 1100 gal.....	Idle.....	95 ⁰⁰ / ₁₀₀
A-989	Tank, 1100 gal.....	Idle.....	99 ⁰⁰ / ₁₀₀
A-990	Tank, 1100 gal.....	Idle.....	99 ⁰⁰ / ₁₀₀
A-991	Tank, 1100 gal.....	Idle.....	99 ⁰⁰ / ₁₀₀
A-992	Tank, 1100 gal.....	Idle.....	99 ⁰⁰ / ₁₀₀
A-993	Flat Car.....	Idle.....	98 ⁰⁰ / ₁₀₀
A-994	Side Dump Car.....	Idle.....	97 ⁰⁰ / ₁₀₀
A-995	Dump Car.....	Idle.....	97 ⁰⁰ / ₁₀₀
A-996	Dump Car.....	Idle.....	97 ⁰⁰ / ₁₀₀
A-997	Dump Car.....	Idle.....	97 ⁰⁰ / ₁₀₀
A-998	Push Car.....	Idle.....	99 ⁰⁰ / ₁₀₀
B-904	Dragline Bucket.....	(Show on Daily Report as on Call Government Owned)	
B-929	Trailer, John Deere.....		
1002	Scraper, LeTourneau.....	B/D & Idle.....	60 ⁰⁰ / ₁₀₀
1003	Scraper, LeTourneau.....	B/D & Idle.....	50 ⁰⁰ / ₁₀₀
1035	Scraper, LeTourneau.....	Idle.....	50 ⁰⁰ / ₁₀₀
1038	Scraper, LeTourneau.....	Idle.....	65 ⁰⁰ / ₁₀₀
1100	Tractor Wagon.....	Idle & B/D.....	95 ⁰⁰ / ₁₀₀
1101	Tractor Wagon.....	B/D & Idle.....	98 ⁰⁰ / ₁₀₀
1102	Tractor Wagon.....	B/D & Idle.....	98 ⁰⁰ / ₁₀₀
1103	Tractor Wagon.....	B/D & Idle.....	95 ⁰⁰ / ₁₀₀
1104	Tractor Wagon.....	B/D.....	100 ⁰⁰ / ₁₀₀
1105	Tractor Wagon.....	Idle.....	98 ⁰⁰ / ₁₀₀
1106	Tractor Wagon.....	Idle.....	98 ⁰⁰ / ₁₀₀
1107	Heavy Hauling Tractor Wagon.....	Idle & B/D.....	100 ⁰⁰ / ₁₀₀
1108	Tractor Wagon.....	Idle & B/D.....	98 ⁰⁰ / ₁₀₀
1109	Crawler Wagon.....	Idle.....	98 ⁰⁰ / ₁₀₀
1110	Crawler Wagon.....	Idle.....	65 ⁰⁰ / ₁₀₀
1111	Crawler Wagon.....	Idle.....	60 ⁰⁰ / ₁₀₀
1112	Crawler Wagon.....	Idle.....	60 ⁰⁰ / ₁₀₀
1113	Smith Wagon.....	Idle & B/D.....	98 ⁰⁰ / ₁₀₀
1114	Crawler Wagon.....	Idle.....	50 ⁰⁰ / ₁₀₀
1115	Crawler Wagon.....	Idle & B/D.....	97 ⁰⁰ / ₁₀₀
1200	Heavy Hauling Equipment I.....	Idle.....	80 ⁰⁰ / ₁₀₀
1201	Heavy Hauling Equipment.....	Idle & B/D.....	65 ⁰⁰ / ₁₀₀
1202	Heavy Hauling Equipment.....	B/D & Idle.....	100 ⁰⁰ / ₁₀₀
1310	Vibrator.....	B/D.....	100 ⁰⁰ / ₁₀₀
1311	Vibrator.....	B/D.....	100 ⁰⁰ / ₁₀₀
1312	Vibrator.....	B/D.....	100 ⁰⁰ / ₁₀₀
1314	Vibrator.....	B/D.....	100 ⁰⁰ / ₁₀₀
1315	Vibrator.....	B/D.....	100 ⁰⁰ / ₁₀₀
1316	Vibrator.....	Idle.....	100 ⁰⁰ / ₁₀₀
1317	Vibrator.....	B/D.....	100 ⁰⁰ / ₁₀₀
1330	Vibrator.....	B/D.....	100 ⁰⁰ / ₁₀₀
1331	Vibrator.....	B/D.....	100 ⁰⁰ / ₁₀₀
1332	Vibrator.....	B/D.....	100 ⁰⁰ / ₁₀₀
1333	Vibrator.....	B/D.....	100 ⁰⁰ / ₁₀₀
1334	Vibrator.....	B/D.....	100 ⁰⁰ / ₁₀₀
1335	Vibrator.....	B/D.....	100 ⁰⁰ / ₁₀₀
1336	Batch Bins.....	Idle.....	100 ⁰⁰ / ₁₀₀
1337	Batch Scales.....	Idle.....	90 ⁰⁰ / ₁₀₀
1353	Vibrator.....	B/D.....	98 ⁰⁰ / ₁₀₀
1358	Vibrator.....	B/D.....	99 ⁰⁰ / ₁₀₀
1361	Vibrator.....	B/D.....	99 ⁰⁰ / ₁₀₀
1377 to 1389 (1600's)	Vibrator.....	Idle Approx. 100 ⁰⁰ / ₁₀₀	
	About 40 Water Pumps out of 82 are Idle or B/D over 50% of time.		
1901	Asphalt Feeder Tank.....	Idle.....	95 ⁰⁰ / ₁₀₀
1903	Transfer Pump.....	Idle.....	98 ⁰⁰ / ₁₀₀
1907	Asphalt Leveler & Finisher.....	Idle.....	65 ⁰⁰ / ₁₀₀
1909	Tar Kettle.....	Idle (18th-31).....	99 ⁰⁰ / ₁₀₀

EXHIBIT No. 161

Caterpillar tractor D7. USWC 71

Rental starts 3/13/41.

	1			2			3			4			5		
	W ¹	I ²	DR ³	W	I	DR	W	I	DR	W	I	DR	W	I	DR
Mar															
Apr	16	8		24			24			16	8			24	
May	24			24			24	24		24	24		24		
June		24		12	12		24			24			24		
July	24			24			24			8	16		24		
Aug	8		16		24		24	24		20		4		24	
Sept		24		24			16		8			24	20	4	

	6			7			8			9			10		
	W	I	DR	W	I	DR	W	I	DR	W	I	DR	W	I	DR
Mar															
Apr		24		24			24			20	4		24		
May	20	4		8	16		24			24				24	
June	24				24			24		24			24		
July		24		24			24			24			12	12	
Aug		24		20	4		24	24		24				24	
Sept	24				24		16		8	4	4	16	24		

	11			12			13			14			15		
	W	I	DR	W	I	DR	W	I	DR	W	I	DR	W	I	DR
Mar								24			24			24	
Apr	24				24			24		24			20		4
May		24		24			24			24			24		
June	12	12		20	4		20	4		16	8			24	
July	24			24			24	24		16	8		24		
Aug	24			24			24			18	6		24		
Sept	24			24			24				24		24		

	16			17			18			19			20		
	W	I	DR	W	I	DR	W	I	DR	W	I	DR	W	I	DR
Mar		24			24			24			24		8	16	
Apr	24			24			24				24			24	
May	24				24		24	24		24			24		
June	16	8		24			24			24			24		
July	24			24			24			16	8			24	
Aug	24				24		20	4		8	16		24		
Sept	24			8	8	8	10	14		24			20	4	

	21			22			23			24			25		
	W	I	DR	W	I	DR	W	I	DR	W	I	DR	W	I	DR
Mar	16	8			24			24		24			12	12	
Apr	20	4		16	8		4	20		16	8		24		
May	24			18	6			24			24			24	
June	24				24		24			24			24		
July	24			24			24			24			20	4	
Aug	16	8		16	8		12	12			24		8	16	
Sept		24		16	4	4	8	1	16	20	4		20	4	

¹ Worked.
² Idle.
³ Down for repairs.

Caterpillar tractor D7. USWC 71—Continued

	26			27			28			29			30			31		
	W	I	DR	W	I	DR	W	I	DR	W	I	DR	W	I	DR	W	I	DR
Mar.....	16	8		24			24			24			24			24		
Apr.....		24			24		24			24			24					
May.....	24			24			24			24			24				24	
June.....	24			24			24			24			24					
July.....	24				24		24			24			24	4		24		
Aug.....		16	8		24		8	16		8	16		8	16			24	
Sept.....	20	4		20	4			24		20	4		20	4				

Description: Caterpillar Tractor D7.
Condition: New.
Engine No.: 7M 2102.
Serial No.: 7M 2102.
Owner: Taylor-Hale Machinery Co., Memphis, Tenn.
Lien Holder: Union Planters Nat'l Bank & Trust Co.
Rental Starts: 3/13/41.
Rental Ends: 1/3/42.
Date Rec'd: 3/17/41.
Value: \$5803.00.
Rent/Mo.: \$600.00.
Rate/Hr.: .83333.
Recaptured Date: 9/30/41.
Remarks:
Total Cost to Government: \$6209.21.



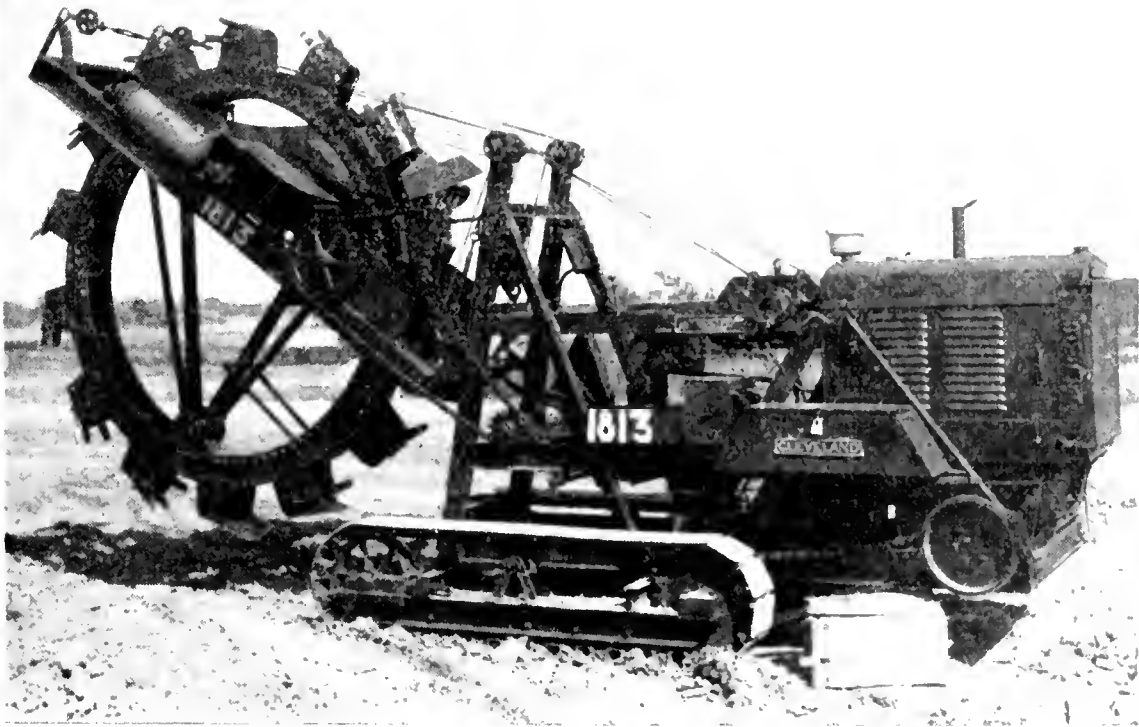
Ditcher. USWC 1813

Rental starts 8/19/41.

			1			2			3			4			5			
			W ¹	I ²	DR ³	W	I	DR	W	I	DR	W	I	DR	W	I	DR	
Aug																		
Sept				24			24		8	16		8	16		8	16		
Oct			8	24		10	14		4	20		8	16		8	24		
			6			7			8			9			10			
			W	I	DR	W	I	DR	W	I	DR	W	I	DR	W	I	DR	
Aug																		
Sept			8	16			24		8	16		4	16		8	16		
Oct				24		8	16		8	16		8	16		8	16		
			11			12			13			14			15			
			W	I	DR	W	I	DR	W	I	DR	W	I	DR	W	I	DR	
Aug																		
Sept			10	14		10	14		8	16			24		10	14		
Oct			8	16			24		16	8			24		8	16		
			16			17			18			19			20			
			W	I	DR	W	I	DR	W	I	DR	W	I	DR	W	I	DR	
Aug																		
Sept			8	16		10	14		10	14		10	14		8	16		
Oct			8	16		8	16		8	16			24		8	16		
			21			22			23			24			25			
			W	I	DR	W	I	DR	W	I	DR	W	I	DR	W	I	DR	
Aug																		
Sept				24		8	16		8	16			24		25			
Oct			8	16		8	16		10	14		12	12		8	16		
		26			27			28			29			30			31	
		W	I	DR	W	I	DR	W	I	DR	W	I	DR	W	I	DR		
Aug																		
Sept			24		8	16			24		8	16			24			
Oct		8	16		8	16		8	24		8	24		8	16			
			24			24		8	16			16		2	22			

¹ Worked.
² Idle.
³ Down for repairs.

Description: Ditcher, Cleveland Gas. Model 95, 6 cylinders.
Condition: New.
Engine No.: Power Unit # Buda 247178 Model HP326.
Serial No.: 2331.
Owner: Midwest Construction & Asphalt Co., Chicago, Illinois.
Lien Holder: None.
Rental Starts: 8-19-41.
Rental Ends: 5-7-42.
Date Rec'd.: 8-22-41.
Value: \$5,585.00.
Rent/Mo.: \$650.00.
Rate/Hr.: \$.90278.
Recapture Date: October 31, 1941.
Remarks: This 12'' ditcher, circle type, with conveyer, dipper, crawler, three transmissions, chains, meter, and all parts in good condition.
Total Cost to Government: \$5,752.55.



Blade, Rome pull grader. USWC 600

Rental starts 2/9/41.

	1			2			3			4			5		
	W ¹	I ²	DR ³	W	I	DR	W	I	DR	W	I	DR	W	I	DR
Feb.															
Mar.		24			24			24			24			24	
Apr.		24		4	20		8	16		8	16			24	
May.	20		4	16	8			24			24		8	16	
June		24		20	4		24			24			24		
July	20	4		24			24			16	8		16	8	
Aug.	12	12		4	20			24			8	16			24
Sept.		24		8	16		12	8	4			24			24
Oct.	21	3		21	3		5	19			24			24	

¹ Worked.
² Idle.
³ Down for repairs.

Blade, Rome pull grader. USWC 600—Continued

			6			7			8			9			10		
			W	I	DR	W	I	DR	W	I	DR	W	I	DR	W	I	DR
Feb													24			24	
Mar				24			24			24			24			24	
Apr				24			8			24			24			24	
May			20	4			8	16			24		16	8		24	
June			24				24			24			24			24	
July				24			8	16		8	16		8		16	4	20
Aug					24			24			24			24			24
Sept					24			24						24			24
Oct				24			13	11		21	3		13	11		16	8

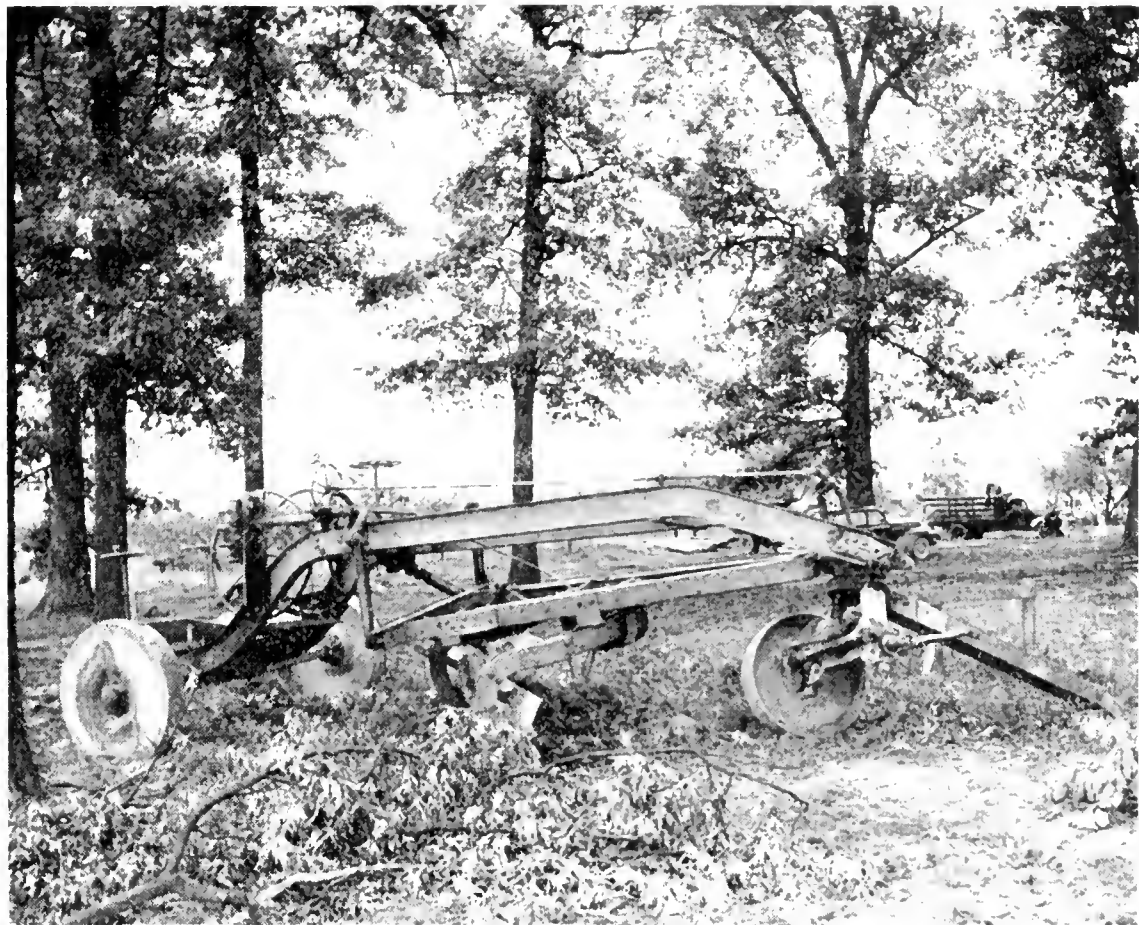
			11			12			13			14			15		
			W	I	DR	W	I	DR	W	I	DR	W	I	DR	W	I	DR
Feb				24			24			24			24			24	
Mar				24			24			24			24			24	
Apr			24				24			24			16	8		16	8
May				24			24			24			24			24	
June			20	4			24			24			16	8		24	
July			24				24			24			24			24	
Aug					24			24		8	16		24			24	
Sept					24			24			24			24			24
Oct			4	20			24			12	12		8	16		8	16

			16			17			18			19			20		
			W	I	DR	W	I	DR	W	I	DR	W	I	DR	W	I	DR
Feb				24			24			24			24			24	
Mar				24			24			24			24			24	
Apr			24				12	12		24			24			24	
May			24				24			24			16		8	24	
June			24				8	16			24		16		8	24	
July			24				24			8	16		8	16		24	
Aug				24			24			4	8	12		24			24
Sept					24		8	8	8	8	16		8	16		8	16
Oct			8	16			8	16		8	16			24		8	16

			21			22			23			24			25		
			W	I	DR	W	I	DR	W	I	DR	W	I	DR	W	I	DR
Feb				24			24			24			24			24	
Mar				24			24			24			8	16		24	
Apr			16	8			12	12		8	16		16	8		24	
May			24				16	8		16	8			24		24	
June			24				24			16	8		12	16		16	8
July			8	16			8	16		8	16		8	16		8	16
Aug				8	16			12		18		6		24		16	
Sept				24			4	20		20	4		20	4		20	4
Oct			12	12			12	12		12	12		8	16		8	16

			26			27			28			29			30			31		
			W	I	DR	W	I	DR	W	I	DR	W	I	DR	W	I	DR	W	I	DR
Feb				24			24			24						24				
Mar				24			24			24						24				
Apr				24			24			24						20	4			
May			24				24			16	8		24			24			24	
June			24				24			24			24			24			24	
July			8	16			24			8	16		16	8		16	8		16	8
Aug				16			16		8	16			16		8	16			24	
Sept			6	18			12	12			24		8		8	12				
Oct				24			8	16			24			24		12	24		24	

Description: Blade, Rome Pull Grader, Model 1937.
Condition: Used.
Serial No.: 53120.
Owner: Oman Construction Co., Nashville, Tennessee.
Lien Holder: None.
Rental Strats: 2-9-41.
Rental Ends: 8-6-42.
Date Rec'd: 2-14-41.
Value: \$1000.00.
Rent/Mo.: \$55.00.
Rate/Hr.: \$.31977.
Remarks:



Smith Wagon. USWC 1113

Rental starts 3/14/41.

	1			2			3			4			5		
	W ¹	I ²	DR ³	W	I	DR	W	I	DR	W	I	DR	W	I	DR
Mar.....															
Apr.....	8	16		24			24			16	8			24	
May.....	24			24			24	24			24		24		
June.....		24		12	12		24			24			24		
July.....	16	8				24			24			24			24

	6			7			8			9			10		
	W	I	DR	W	I	DR	W	I	DR	W	I	DR	W	I	DR
Mar.....															
Apr.....		24		16	8		24			24			24		
May.....	4	20			24		12	12		24				24	
June.....	24				24			24		24			24		
July.....			24			24			24			24			24

¹ Worked.

² Idle.

³ Down for repairs.

Smith Wagon. USWC 1113—Continued

11				12			13			14			15		
W	I	DR		W	I	DR	W	I	DR	W	I	DR	W	I	DR
Mar											24			24	
Apr	24				24			24			24			24	
May		24		16	8		24			24			24		
June	12	12		4	4	16			24	16	8			24	
July			24			24			24			24			24

16				17			18			19			20		
W	I	DR		W	I	DR	W	I	DR	W	I	DR	W	I	DR
Mar		24			24			24			24			24	
Apr	20	4		24			24				24			24	
May					24			24				4		24	
June	16	8		24			24			20	8		24		
July	4		20			24		24			24			24	

21				22			23			24			25		
W	I	DR		W	I	DR	W	I	DR	W	I	DR	W	I	DR
Mar	4	20			24			24		8	17		8	16	
Apr	20	1		16	8		4	20		12	12		12	12	
May		24		10	14			24			24		24	24	
June	24				24				24	24			24		
July			24		8	16			24		24			24	

26				27			28			29			30			31		
W	I	DR		W	I	DR	W	I	DR	W	I	DR	W	I	DR	W	I	DR
Mar	16	8		16	8		16	8			24			24				24
Apr		24			24		24			24			24					
May	24			24			24			24			24			24		
June	12	12		8	16		24	24			21		20		4			
July		24			24			24			24			24			24	

Description: Smith Wagon.
Condition: Used.
Serial No.: 204.
Owner: Dalrymple Equipment Co., Amory, Mississippi.
Lien holder: None.
Rental Starts: 3/14/41.
Date rec'd: 3/18/41.
Rental Ends: 8/22/41.
Value: \$1500.00.
Rent Per Month: \$285.00.
Rate Per Hour: \$0.39583.
Recapture Date: 7-31-41.
Transferred Date: November 1, 1941 to CQM, Huntsville Arsenal.
Remarks: Wagon, bed, tracks, wheels, and dump controls fair. Coupling end broken off. Made 1-5-41. 10 yd. 20 ton.
Total Cost to Government: \$1575.00.



Tractor caterpillar RD 7 diesel. USWC A29

Rental starts 6/10/41.

	1			2			3			4			5		
	W ¹	I ²	DR ³	W	I	DR	W	I	DR	W	I	DR	W	I	DR
June.....															
July.....	8	16		8	16		8	16		8	16			24	
Aug.....		24		8	16			24				24			24
Sept.....		24		16	8			24			24			24	
Oct.....	21	3		21	3		5	3	16		8	16		24	

¹ Worked.
² Idle.
³ Down for repairs.

Tractor caterpillar RD 7 diesel. USWC A29—Continued

				6			7			8			9			10						
				W	I	DR	W	I	DR	W	I	DR	W	I	DR	W	I	DR				
June																						
July					24		8	16		4	8	12		24		4	24					
Aug						24			24		24			24			20					
Sept				12	12			24		8	16		4	20		20	4					
Oct				13	11		16	8		21	3		21	3		24						
				11			12			13			14			15						
				W	I	DR	W	I	DR	W	I	DR	W	I	DR	W	I	DR				
June					24			24			24			24			24					
July				8	16		8	16			24		8	16		8	16					
Aug						24			24					24			16	8				
Sept				12	12		12	12		16	8			24		12	12					
Oct				20	4			24		12	12		16	8		8	16					
				16			17			18			19			20						
				W	I	DR	W	I	DR	W	I	DR	W	I	DR	W	I	DR				
June					24			24			24			24				24				
July				8	16		4	8	12			24	16	8				24				
Aug					24			24			24		24				24					
Sept				12	12		12	12		12	12		20	4		16	8					
Oct					24		16	8		8	16		4	20		8	16					
				21			22			23			24			25						
				W	I	DR	W	I	DR	W	I	DR	W	I	DR	W	I	DR				
June					24			24			24			16	8			24				
July						24			24	8	16		8	16		8	16					
Aug					24			24			24		24				24					
Sept				16	8		16	8			24		20	4		20	4					
Oct				12	12		16	8		16	8			8	16		8	16				
				26			27			28			29			30			31			
				W	I	DR	W	I	DR	W	I	DR	W	I	DR	W	I	DR	W	I	DR	
June					24		8	16		8	16			24		8	16					
July				8	16			24		8	16		8	16		8	16		12	12		
Aug					24			24			24			24		8	16			24		
Sept				12	12		16	8			24		20	4		20	4					
Oct						24			24		16	8		8	16		4	12			8	

Description: Tractor Caterpillar, RD 7 Diesel.
Condition: Used.
Engine No.: 9G 4108-W.
Serial No.: 9G 4108-W.
Owner: Couch Construction Co., Dothan, Alabama.
Lien Holder: None.
Rental Starts: 6-10-41.
Rental Ends: 2-10-42.
Recapture Date: October 31, 1941.
Value: \$4000.00.
Rent/Mo.: \$500.00.
Rate/Hr.: \$.69444.
Date Rec'd.: 6-13-41.
Remarks: Fair condition—shows considerable wear—sprockets, tracks worn, brakes fair, top roller fair.
Cost to Government: \$4050.00.



Light plant, GE. USWC 1725

Rental starts 2/25/41.

	1			2			3			4			5		
	W ¹	I ²	DR ³	W	I	DR	W	I	DR	W	I	DR	W	I	DR
Feb.....															
Mar.....		24			24			24			24			24	
Apr.....		24			24			24			24			24	
May.....	8	16		8	16			24			21		8	16	
June.....		24		8	16		16	8		8	16			24	
July.....	16	8		16	8		16	8		8	16		16	8	
Aug.....		24			24			24			21			24	

¹ Worked.
² Idle.
³ Down for repairs.

Light plant, GE. USWC 1725—Continued

[illegible][illegible][illegible][illegible][illegible]

Description: Light Plant, GE.

Condition: Used, apparently in good condition, should be started and checked.

Engine No.: 360414.

Serial No.: 1-324812.

Owner: Tri State Equipment Co., Memphis, Tennessee.

Lien Holder: None.

Rental Starts: 2-25-41.

Rental Ends: 12-25-41.

Date Rec'd: 3-11-41.

Value: \$1750.00.

Rent Per Month: \$175.00.

Rate Per Hour: \$0.24306.

Recapture Date: August 7, 1941.

Transfer Date: September 4, 1941 to Memphis Q. M. Depot.

Remarks:

Total cost to Government: \$1872.50.



7,000-gallon tank car. USWC 1985

Rental starts 6/21/41.

	1			2			3			4			5		
	W ¹	I ²	DR ³	W	I	DR	W	I	DR	W	I	DR	W	I	DR
June.....															
July.....		24			24			24			24			24	
Aug.....		24			24			24		8	16		8	16	
Sept.....		24			24			24			24			24	

¹ Worked.

² Idle.

³ Down for repairs.

7,000-gallon tank car. USWC A985—Continued

			6			7			8			9			10		
			W	I	DR	W	I	DR	W	I	DR	W	I	DR	W	I	DR
June																	
July				24			24			24			24			24	
Aug			8	16			8	16		8	16		8	16		8	24
Sept																	

			11			12			13			14			15		
			W	I	DR	W	I	DR	W	I	DR	W	I	DR	W	I	DR
June																	
July				24			24			24			24			24	
Aug			8	16			8	16			8	16			8	16	
Sept																	

			16			17			18			19			20		
			W	I	DR	W	I	DR	W	I	DR	W	I	DR	W	I	DR
June																	
July				24			24			24			24			24	
Aug				24			24			24			24			24	
Sept																	

			21			22			23			24			25		
			W	I	DR	W	I	DR	W	I	DR	W	I	DR	W	I	DR
June				24			24			24			24			24	
July			8	16			8	16		8	16		8	16		8	24
Aug				24			24			24			24			24	
Sept																	

			26			27			28			29			30			31		
			W	I	DR	W	I	DR	W	I	DR	W	I	DR	W	I	DR	W	I	DR
June				24			24			24			24			24			24	
July				24			24			24			24			24			24	
Aug				24			24			24			24			24			24	
Sept																				

Description: 7000 Gallon Tank Car, Model 1911.
Condition: Used.
Serial No.: 989.
Owner: I. C. R. R. Co., Chicago, Illinois.
Lien Holder: None.
Rental Starts: 6-21-41.
Rental Ends: 10-15-49.
Date Rec'd.:
Value: \$5000.00.
Rent/Mo.: \$50.00.
Rate/Hr. \$0.06944.
Remarks: Old appears fair condition, appears to be reworked in places, shows wear and rust.
Date Released: September 5, 1944.

3301

USWC 4986

Rental starts 6/21/41.

	1			2			3			4			5		
	W	I	DR	W	I	DR	W	I	DR	W	I	DR	W	I	DR
June															
July		24			24			24			24			24	
Aug		24			24			24		8	16		8	16	
Sept		24			24			24		8	16		8	16	

	6			7			8			9			10		
	W	I	DR	W	I	DR	W	I	DR	W	I	DR	W	I	DR
June															
July		24			24			24			24			24	
Aug	8	16		8	16		8	16		8	16			24	
Sept					21			24			24				

[illegible][illegible][illegible][illegible]

Description: Tank Car, 7,000 Gallon, Model 1911.
Condition: Used.
Serial No.: 977.
Owner: I. C. R. R. Co., Chicago, Illinois.
Lien Holder: None.
Rental Starts: 6-21-41.
Rental Ends: 10-15-49.
Date Rec'd: 6-24-41.
Value: \$5000.00.
Rent/Mo.: \$50.00.
Rate/Hr.: \$0.06944.
Released: September 5, 1941.
Remarks: Old, appears to be reworked in places, shows wear and rust.
Cost to Government: \$125.00.



Emulsion sprayer. USWC 1900

Rental starts 5/14/41.

	1			2			3			4			5		
	W ¹	I ²	DR ³	W	I	DR	W	I	DR	W	I	DR	W	I	DR
May -----															
June -----		24			24			24			24		4	20	
July -----	16	8		8	16		8	16			24		16	8	
Aug -----	8	16			24			24			24			24	
Sept -----		24			24			24		4	20		12	12	
Oct. -----		24			24			24			24			24	

¹ Worked.
² Idle.
³ Down for repairs.

Emulsion sprayer. USWC 1900—Continued

				6			7			8			9			10		
				W	I	DR	W	I	DR	W	I	DR	W	I	DR	W	I	DR
May					24			24			24		8	16		8	16	
June					24		8	16		8	16		4	20		12	12	
July					24			24		8	16			24			24	
Aug					24			24			24			24			19	
Sept		8			16			24			24			24		5	24	
Oct					24			24			24			24			24	

				11			12			13			14			15		
				W	I	DR	W	I	DR	W	I	DR	W	I	DR	W	I	DR
May														24			24	
June				4	20			24		4	20			24			24	
July				4	20		4	20			24		4	20		4	4	16
Aug					24			24			24			24			24	
Sept				4	20		4	20		8	16			24			24	
Oct					24			24			24			24			24	

				16			17			18			19			20		
				W	I	DR	W	I	DR	W	I	DR	W	I	DR	W	I	DR
May					24			24			24			24			24	
June				12	12		8	16			24			24			24	
July					24			24			24			24			24	
Aug					24			24			24			24			24	
Sept					24			24			24			24			24	
Oct					24			24			24			24			24	

				21			22			23			24			25		
				W	I	DR	W	I	DR	W	I	DR	W	I	DR	W	I	DR
May					24			24			24			24			24	
June				8	16			24			24			24		8	24	
July					24			24			24			24			24	
Aug					24			24			24			24			24	
Sept					24			24			24			24			24	
Oct					24			24			24			24			24	

				26			27			28			29			30			31		
				W	I	DR	W	I	DR	W	I	DR	W	I	DR	W	I	DR	W	I	DR
May					24		8	16			24			24			24			24	
June				8	16			24		8	16			24		8	16			24	
July				8	16			24		8	16			24			24			24	
Aug				8	16			24			24			24			24			24	
Sept					24			24			24			24			24			24	
Oct					24			24			24			24			24			24	

Description: Emulsion Sprayer, Model A. S.
Condition: New.
Engine No.: 443.
Serial No.: R1267.
Owner: Road Builders Equipment Co., Memphis, Tenn.
Lien Holder: None.
Rental Starts: 5/14/41.
Rental Ends: 3/14/42.
Date Rec'd: 5/21/41.
Value: \$395.00.
Rent/Mo.: \$39.40.
Rate/Hr.: \$0.05486.
Recaptured Date: 10/31/41.
Remarks: Good condition.
Total Cost to Government: \$418.70.



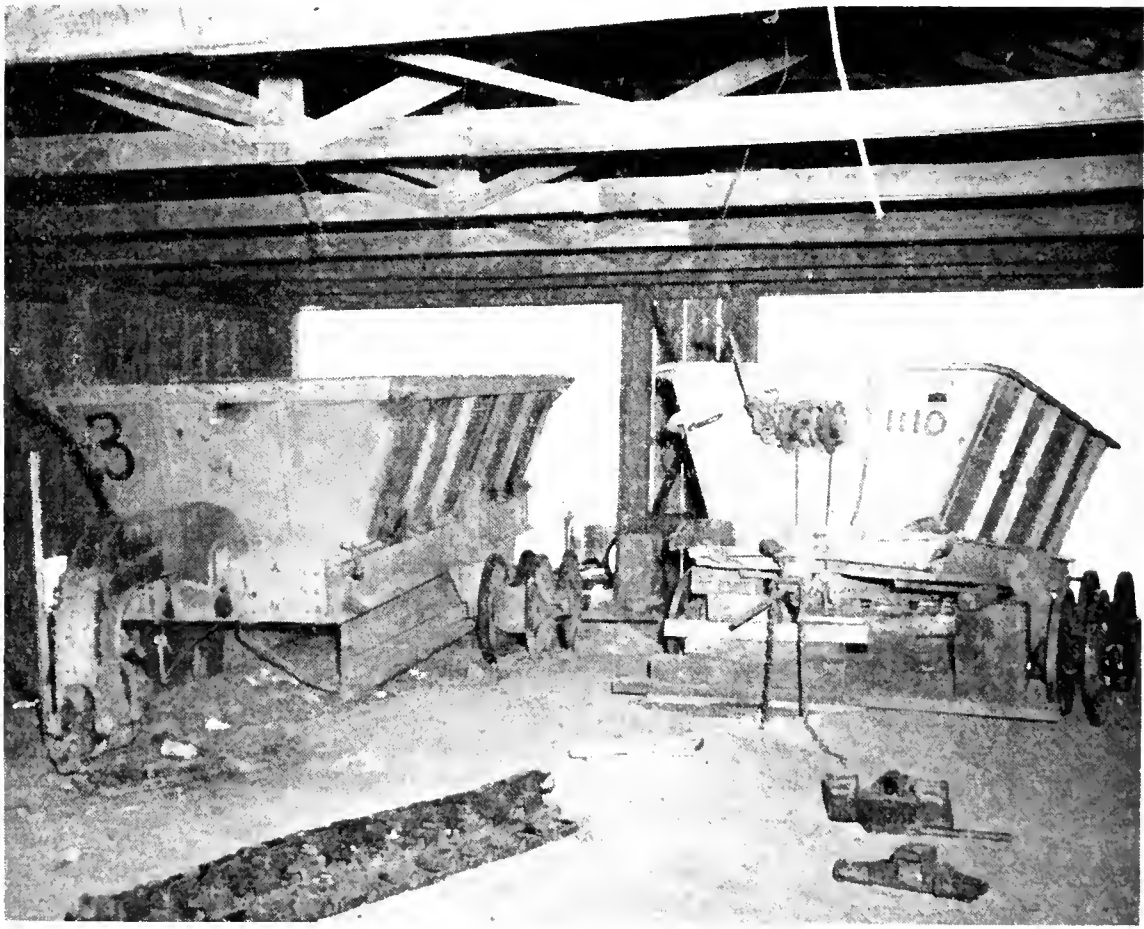
Trackson crawler wagon. USWC 1110

Rental starts 3/10/41.

	1			2			3			4			5		
	W ¹	I ²	DR ³	W	I	DR	W	I	DR	W	I	DR	W	I	DR
Mar...															
Apr...	24			24			24			16	8			24	
May...	20		4	24			24				24		24		
June...		24		12	12		24			24			18		6
July...	24			24			24			8	16		24		
Aug...		24			24			24			24			24	

¹ Worked.
² Idle.
³ Down for repairs.

Description: Trackson Crawler Wagon (Trackson Co.).
Condition: Used. Track and wheels worn beds and dump seem OK.
Date Rec'd: 3-13-41.
Engine No: None.
Serial No: 513. Model S DW.
Owner: S. J. Cohen Company, Blytheville, Arkansas.
Lien Holder: Trackson Company, Milwaukee, Wisconsin.
Value: \$1,500.00. Lien: \$914.29.
Rent/Mo. \$275.00. Rate/Hr. \$0.38194.
Rental Starts: 3-10-41. Rental Ends: 8 21 41.
Recapture Date: 7-31-41.
Total Cost to Government: \$1,575.00.
Transferred Date: CQM, Huntsville Arsenal, Huntsville, Alabama on 1-16-41.
Additional Items attached:
Remarks:



Dragline Loraine 75B Model. USWC 583

Rental starts 7/9/41.

	1			2			3			4			5		
	W ¹	I ²	DR ³	W	I	DR	W	I	DR	W	I	DR	W	I	DR
July															
Aug		24			24			24			24			24	
Sept		24		4	20		4	20		8	16		8	16	
Oct	8	16		8	16		13	11		8	16			24	

¹ Worked
² Idle.
³ Down for repairs.

Description: Dragline, Loraine (75B Model) 10 years old. Gas.
Condition: Old, used.
Date Rec'd: 7-31-41.
Engine No.: Waukesha Power Unit, serial No. 34-5238—Model WK77.
Serial No: 5104.
Owner: R. E. Dubose, Montgomery, Alabama.
Lien Holder: None.
Value: \$13,500.00. Rent/Mo. \$1,250.00. Rate/Hr. \$1,736.11.
Rental Starts: 7-9-41. Rental Ends: 5-21-42.
Recapture Date: October 31, 1941.
Total Cost to Government: \$14,040.00.
Additional Items Attached: 45 ft. boom, no bucket, no light plant, no lights.
Remarks: Old machine, worn badly and rough, motor lacks power, swing pinion & shaft worn badly. Value \$8,500.00.



EXHIBIT No. 162

Vendors equipment report as of Sept. 22, 1941 Wolf Creek Ordnance Plant, Milan, Tenn.

Con- tract No.	Name of vendor	Total con- tract value	Total rental paid	Total recap- ture cost	Total
		(1)	(2)	(3)	(2 and 3)
1	Denny-Caldwell Company	\$49,827.25	\$28,312.25	\$1,168.10	\$29,480.35
2	Chester Mitchell	725.00	522.50	221.25	746.75
3	Fred Fowler	925.00	797.50	164.50	962.00
4	Choctaw Culvert & Machinery Co	188,720.00	76,431.90	5,638.56	82,070.46
5	Taylor-Hale Machinery Co	674,826.00	362,394.57	19,056.06	381,450.63
6	Tri-State Equipment Co	54,860.00	36,784.91	17,684.47	54,469.41
7	Wilson-Weesner-Wilkinson & Co. Inc	40,600.00	16,381.96		16,381.96
8	Dalrymple Equipment Co	111,217.00	73,525.13	7,378.62	80,903.75
9	Roy C. Whayne Supply Co	134,489.00	86,210.95	8,317.99	94,528.94
Total (sheet 1)		1,256,189.25	681,361.70	59,632.55	740,994.25

Vendors equipment report as of Sept. 22, 1941 Wolf Creek Ordnance Plant, Milan, Tenn.—Continued

Contract No.	Name of vendor	Total contract value (1)	Total rental paid (2)	Total recapture cost (3)	Total (2 and 3)
10	Pilkerton & Pilkerton	\$402,661.00	\$231,014.11	\$82,014.32	\$313,028.43
11	Oman Construction Co	162,285.00	59,097.74	74.20	59,171.94
12	Jack Stanford	1,300.00	1,045.00	320.00	1,365.00
13	Sam Sanders	850.00	770.00	114.00	884.00
14	J. A. Sutherland	550.00	461.10	127.40	588.50
15	Hooper Construction Co	64,950.00	57,814.17		57,814.17
16	Nashville Motor Co	283,299.75	84,916.59	23,210.94	108,127.53
17	Walters & Prater	63,500.00	68,531.47	5,254.20	73,785.67
18	W. L. Hailey & Co	20,500.00	9,322.03		9,322.03
	Total (sheet 2)	999,895.75	512,972.21	111,115.06	624,087.27
19	Lincoln Electric Co	13,200.00	6,984.50	2,141.25	9,125.75
20	General Truck Sales Inc	76,320.25	61,227.53	7,311.32	68,538.85
21	Mills Morris Co	15,825.25	8,475.48	1,110.12	9,585.60
22	Dewey Francis	1,150.00	1,054.16	153.34	1,207.50
23	N. L. Conwill	1,300.00	1,054.16	310.84	1,365.00
24	Lima Locomotive Works	28,000.00	10,235.83		10,235.83
25	I. C. R. R	59,278.77	22,634.26	549.03	23,183.29
26	Peterson Auto Machine Co		656.34		656.34
27	Hughes Construction Co		7,830.00		7,830.00
	Total (sheet 3)	195,074.27	120,152.26	11,575.90	131,728.16
28	Driver Construction Co	58,500.00	22,953.33		22,953.33
29	Birmingham Slag Co		3,243.33		3,243.33
30	George W. Belew	9,800.00	6,956.00	2,652.00	9,608.00
31	E. A. Ham	3,925.00	951.00		951.00
32	Couch Construction Co	37,190.00	16,723.83	1,312.00	18,035.83
33	J. B. Michael & Co	117,796.00	65,563.68	198.53	65,762.21
34	Gibson County Electric Membership Corp		40.62		40.62
35	Central Supply Co	14,950.00	6,795.06	1,262.00	8,057.06
36	I. B. M. Corp		13,804.59		13,804.59
	Total (sheet 4)	242,161.00	137,031.11	5,424.53	142,455.97
37	S. J. Cohen	3,000.00	2,585.00	565.00	3,150.00
38	E. L. Jones	5,051.00	3,006.66		3,006.66
39	C. J. List & Co	16,000.00	7,156.67		7,156.67
40	W. L. Axford	7,254.00	4,890.00	1,971.80	6,861.80
41	J. D. Pittman Tractor Co	1,240.00	974.17	177.63	1,151.80
42	Diamond T Southwest Co	8,800.00	8,016.54	1,311.46	9,328.00
43	Oral Williams	2,035.35	1,420.00	476.77	1,896.77
44	Jim DePriest	1,825.00	1,420.00	214.50	1,634.50
45					
	Total (sheet 5)	45,198.35	29,469.04	4,717.16	34,186.20
46	Warren Knight	1,474.42	1,023.65	125.01	1,148.66
47	Strawn Merchandise Co	2,843.89	1,800.00	281.74	2,081.74
48	Burroughs Adding Machine Co	730.84	641.30		641.30
49	H. B. Harper & Bros	186.84	173.08	21.21	194.32
50	Monroe Calculating Machine Co	973.70	569.29	96.64	665.93
51	P. & J. Truck Co	5,879.73	5,345.06	1,337.90	6,682.96
52	J. A. Taylor	2,725.35			
53	Road Builders Supply Co	6,808.00	3,015.55		3,015.55
54	Paul A. Dixon	4,125.35	2,283.33		2,283.33
	Total (sheet 6)	26,048.12	14,851.26	1,862.53	16,713.79
55	C. J. Ohman	1,600.00	8,775.00		8,775.00
56	L. T. Maurice	3,400.00	1,742.00		1,742.00
57	Aubrey Shelton	1,400.00	877.50	411.50	1,289.00
58	C. C. Gunn	4,950.00	2,632.50		2,632.50
59	J. A. Gregory	30,000.00	9,378.33		9,378.33
60	Ermal Stever	2,000.00	1,350.00	470.00	1,820.00
61	J. L. Jordan	1,100.00	781.67		781.67
62	Keith Sinclair Co. Inc	2,310.00	1,099.50	213.45	1,312.95
63	Burl Kibler	1,700.00	871.00		871.00
	Total (sheet 7)	48,460.00	27,507.50	1,094.95	28,602.45

Vendors equipment report as of Sept. 22, 1941 Wolf Creek Ordnance Plant, Milan, Tenn.—Continued

Contract No.	Name of vendor	Total contract value (1)	Total rental paid (2)	Total recapture cost (3)	Total (2 and 3)
64	Howard DePriest	1,550.00	877.50		877.50
65	Hays Supply Co	16,744.00	4,284.00		4,284.00
66	General Equipment Co. Inc	5,940.00	3,152.00	971.80	4,123.80
67	Hawkins Equipment Co	84,472.00	31,945.97	3,588.37	35,534.34
68	Keith Simmons Co. Inc.	885.00	563.33	215.92	779.25
69	Dictaphone Corp	1,414.00	508.33		508.33
70	Pitney-Bowes Postage Meter Co		65.00		65.00
71	A. J. Humphreys	2,000.00	706.67		706.67
72	O. J. Parrott	12,500.00	4,602.50		4,602.50
	Total (sheet 8)	125,505.00	46,705.30	4,776.09	51,481.39
73	F. S. Oldt	5,700.00	2,012.50		2,012.50
74	M. B. Ogden	14,420.00	3,525.00		3,525.00
75	C. E. Clift	16,225.00	1,868.33		1,868.33
76	R. B. Tyler & Co	10,000.00	3,950.00	3,120.00	7,070.00
77	Hart & Hart Co	25,500.00	4,500.00		4,500.00
78	H. E. Neal	350.00	109.34		109.34
79	R. Padgett	13,500.00	3,691.67		3,691.67
80	C. R. Moser	250.00			
81	Paul Clancy	4,000.00	1,321.67		1,321.67
	Total (sheet 9)	89,945.00	20,978.51	3,120.00	24,098.51
82	S. V. Funk	12,000.00	2,053.33		2,053.33
83	Vollner Co	45,600.00	6,475.01		6,475.01
84	Lester Douglass Excavating Co	20,670.00	1,971.67		1,971.67
85	Robert J. Dill	11,800.00	2,493.33		2,493.33
86	R. H. DuBose	21,300.00	4,133.34		4,133.34
87	M. L. Green	34,000.00	3,825.00		3,825.00
88	Finn Equipment Co	6,000.00			
89	DeWalt Products Corp	1,220.00	748.26		748.26
90	Chain Link Fence Co	2,185.00	115.17		415.17
	Total (sheet 10)	154,775.00	22,115.11		22,115.11
91	Buford Toothaker Tractor Co	12,500.00	2,160.00		2,160.00
92	Noble Contracting Co	6,300.00			
95	Midwest Construction Co	41,570.00			
97	Sullivan, Long & Hagarty	1,350.00			
98	John A. Johnston Co	4,500.00			
99	R. H. Chilton Auto Machine Co	550.00			
	Total (sheet 11)	66,770.00	2,160.00		2,160.00
		Total contract value (1)	Total rental paid (2)	Total recapture cost (3)	Total (2) and (3)
Total sheet No. 1		\$1,256,189.25	\$681,361.70	\$59,632.55	\$740,994.25
Total sheet No. 2		999,895.75	512,972.21	111,115.06	624,087.27
Total sheet No. 3		195,071.27	120,152.26	11,575.90	131,728.16
Total sheet No. 4		212,161.00	137,031.44	5,421.44	142,455.97
Total sheet No. 5		45,198.35	29,469.04	1,717.16	34,186.20
Total sheet No. 6		26,048.12	14,851.26	1,862.53	16,713.79
Total sheet No. 7		48,460.00	27,507.50	1,094.95	28,602.45
Total sheet No. 8		125,505.00	46,705.30	4,776.09	51,181.39
Total sheet No. 9		89,945.00	20,978.51	3,120.00	24,098.51
Total sheet No. 10		151,775.00	22,115.11		22,115.11
Total sheet No. 11		66,770.00	2,160.00		2,160.00
Grand total (sheet No. 12)		3,250,021.71	1,615,304.33	203,318.77	1,818,623.10

EXHIBIT No. 163

TAYLOR-HALE MACHINERY CO.,
 Memphis, Tenn., October 10, 1941.

Mr. HUGH A. FULTON,
 Chief Counsel, United States Senate,
 Special Committee Investigating the National Defense Program,
 Washington, D. C.

DEAR SIR: Taylor-Hale Machinery Co. is an equipment distributor representing the following manufacturers:

The Alemite Company of Memphis.
 American Cable Division of American Chain & Cable Co.
 Athey Truss Wheel Company.
 Baker Manufacturing Co.
 California Commercial Company, Inc.
 Cardwell Manufacturing Company, Inc.
 Caterpillar Tractor Co.
 D-A Lubricant Company, Inc.
 Davey Compressor Co. Inc.
 The Huber Manufacturing Co.
 J. I. Ingram Equipment Co.
 Iowa Manufacturing Company
 Killefer Manufacturing Corporation.
 LaCrosse Trailer & Equipment Co.
 R. G. LeTourneau, Inc.
 LaPlant-Choate Manufacturing Co.
 Link-Belt Speeder Corporation.
 National Cylinder Gas Company.
 Page Engineering Company.
 Rome Plow Company.
 The Thew Shovel Company.
 Topeka Highway Mower Company
 Willamette-Hyster Company

Our organization started in business January 1, 1941. It is a partnership composed of J. R. Taylor, who had a third interest in McCarthy, Jones & Woodward Co. of Memphis, former Caterpillar Tractor Co. distributors in this territory, and H. M. Hale, who was Sales Manager of the Eastern Division of Caterpillar Tractor Co.

Attached is a summary of all equipment which we have rented to Ferguson-Oman Company, contractors for the Wolf Creek Ordnance Plant at Milan, Tennessee. We believe this summary gives all the information requested, and will be found self-explanatory, but the following remarks might be helpful.

The items of equipment are clearly defined, but we have not shown the various attachments which are on the machines, such as different sizes of tracks, radiator guards, crankcase guards, lighting systems, etc. We did not detail these items as we felt you were concerned with specific facts as we have shown them.

We have used figures after payment of August rental, which was the last rental payment received.

On the details regarding liens we show two columns—"Paid On Lien Through 8-31-41" and "Balance of Lien 8-31-41". We have used the date of August 31, 1941 as a matter of convenience, but actually the payments were made about September 10, 1941, and the balance is after giving affect to those payments.

Your request that we show our actual equity was slightly confusing, so we have shown our equity in the cost of each item and in the lease valuation.

Some liens show an overpayment, but this is brought about by the fact that we, and our bank, keep a record of each item of equipment, and all rentals received are applied against the note covering all equipment. Overpayments merely show what each machine is contributing toward reduction of our note.

Following is a list of our "Caterpillar", LeTourneau, LaPlant-Choate, Athey, and Thew parts sales by months to Ferguson-Oman Company:

Month	Amount	Cumulative totals	Month	Amount	Cumulative totals
February	\$4, 241. 71	\$4, 241. 71	July	\$13, 004. 51	\$48, 465. 27
March.....	3, 114. 29	7, 356. 00	August.....	6, 998. 06	55, 463. 33
April.....	8, 962. 02	16, 318. 02	September.....	25, 487. 50	80, 950. 83
May.....	7, 782. 77	24, 100. 79	Total.....	80, 950. 83	-----
June.....	11, 359. 97	35, 460. 76			

The increased amount in September was brought about by the Atlanta Zone Office of the Quartermaster Corps having the Construction Quartermaster put an order through the contractor for a stock of parts to be moved on to the reservation. This amounted to \$19,066.09.

We are not connected in any way with any members of the Government or contractor organization on the Wolf Creek Ordnance Plant job. We have become acquainted with, and hold in high regard, several members of the organization whom we feel we can call friends of ours.

At the outset of the job we had a field serviceman in our employ who seemed to have some qualifications that they wanted, so Ferguson-Oman Company asked our permission to employ him, and we consented.

We hope we have furnished all the information desired, but if there is anything additional required, please advise us.

Very truly yours,

H. M. HALE,
Partner, Taylor-Hale Machinery Co.

CATERPILLAR MODEL 34-15 DIESEL ELECTRIC SETS, MANUFACTURED 1940 AND 1941

Gov. No.	Engine serial No.	Generator serial No.	Lease valuation	Rentals paid through August 31, 1941	Difference between rentals and valuation	Cost	Original lien	Paid on lien through August 31, 1941	Balance August 31, 1941	Difference between original lien and cost	Difference between original lien and lease valuation
1707	9J4221	15KL141	\$1,827.75	\$1,475.00	\$352.75	\$1,425.32	\$830.00	\$1,475.00	\$645.00	\$595.32	\$997.75
1740	9J4528	15KL141	1,827.75	1,333.33	494.42	1,461.29	1,390.00	1,333.33	56.67	71.29	437.75
1742	9J4529	15KL143	1,827.75	1,308.33	519.42	1,461.61	1,390.00	1,308.33	81.67	71.61	437.75
1721	9J4446	15KL146	1,695.00	1,475.00	220.00	1,450.57	1,390.00	1,475.00	85.00	60.57	1,305.00
1738	9J4489	15KL147	1,827.75	1,400.00	427.75	1,481.58	1,390.00	1,400.00	10.00	91.58	437.75
1739	9J4481	15KL148	1,827.75	1,400.00	427.75	1,481.58	1,390.00	1,400.00	10.00	91.58	437.75
1722	9J4447	15KL151	1,695.00	1,475.00	220.00	1,450.57	1,390.00	1,475.00	85.00	60.57	1,305.00
1723	9J4449	15KL152	1,695.00	1,475.00	220.00	1,450.57	1,390.00	1,475.00	85.00	60.57	1,305.00
1728	9J4467	15KL153	1,827.75	1,416.67	411.08	1,481.57	1,390.00	1,416.67	26.67	91.57	437.75
1727	9J4468	15KL154	1,827.75	1,416.67	411.08	1,481.57	1,390.00	1,416.67	26.67	91.57	437.75
1729	9J4469	15KL155	1,827.75	1,416.67	411.08	1,481.57	1,390.00	1,416.67	26.67	91.57	437.75
1726	9J4470	15KL156	1,827.75	1,416.67	411.08	1,481.58	1,390.00	1,416.67	26.67	91.58	437.75
1736	9J4471	15KL157	1,827.75	1,391.67	436.08	1,481.58	1,390.00	1,391.67	1.67	91.58	437.75
1737	9J4484	15KL158	1,827.75	1,391.67	436.08	1,475.24	1,390.00	1,391.67	1.67	85.24	437.75
1741	9J4517	15KL159	1,827.75	1,333.33	494.42	1,461.56	1,390.00	1,333.33	56.67	71.56	437.75
1749	9J4516	15KL163	1,827.75	1,224.17	603.58	1,419.06	1,380.00	1,224.17	155.83	39.06	447.75
1750	9J4523	15KL164	1,827.75	1,224.17	603.58	1,419.06	1,380.00	1,224.17	155.83	39.06	447.75
1751	9J4527	15KL165	1,827.75	1,224.17	603.58	1,419.06	1,380.00	1,224.17	155.83	39.06	447.75
1753	9J4613	15KL179	1,827.75	964.17	863.58	1,398.82	1,350.00	964.17	385.83	48.86	477.75
1754	9J4612	15KL178	1,827.75	964.17	863.58	1,398.86	1,350.00	964.17	385.83	48.86	477.75
1762	9J4696	15KL180	1,827.75	834.17	993.58	1,371.54	1,350.00	834.17	515.83	21.54	477.75
1763	9J4698	15KL186	1,827.75	834.17	993.58	1,371.55	1,350.00	834.17	515.83	21.55	477.75
1764	9J4692	15KL183	1,827.75	834.17	993.58	1,371.55	1,350.00	834.17	515.83	21.55	477.75
1765	9J4693	15KL184	1,827.75	834.17	993.58	1,371.55	1,350.00	834.17	515.83	21.55	477.75
1766	9J4694	15KL181	1,827.75	834.17	993.58	1,371.55	1,350.00	834.17	515.83	21.55	477.75
A-1714	9J4733	15KL191	1,827.75	628.33	1,199.42	1,383.80	1,350.00	628.33	721.67	33.80	477.75
A-1715	9J4734	15KL193	1,827.75	628.33	1,199.42	1,416.42	1,350.00	628.33	721.67	60.42	477.75
A-1720	9J4736	15KL194	1,827.75	574.17	1,253.58	1,407.47	1,350.00	574.17	775.83	57.47	477.75
A-1721	9J4737	15KL195	1,827.75	571.17	1,253.58	1,407.46	1,350.00	574.17	775.83	57.46	477.75
A-1725	9J4743	15KL161	1,827.75	498.33	1,329.42	1,388.61	1,350.00	498.33	840.83	38.61	477.75
A-1723	9J4745	15KL168	1,827.75	509.17	1,318.58	1,388.61	1,350.00	509.17	851.67	38.61	477.75
A-1724	9J4746	15KL170	1,827.75	498.33	1,329.42	1,388.61	1,350.00	498.33	851.67	38.61	477.75
A-1726	9J4747	15KL197	1,827.75	498.33	1,329.42	1,388.61	1,350.00	498.33	851.67	38.61	477.75
Total			704,634.00	363,781.24	340,852.76	567,569.19	530,140.14	176,670.56	176,670.56		
			567,569.19	363,781.24	340,852.76	530,140.14	176,670.56	176,670.56	176,670.56		
			137,064.81			37,429.05	353,469.58				

1 Being recaptured.

50	D-7 Tractor	7M1532	7,543.00	4,425.00	3,118.00	5,980.74	5,900.00	4,425.00	1,475.00	80.74	1,643.00
118	Bulldozer	B4766W EK7A									
242	Power Control Unit	P-15185									
37	D-7 Tractor	7M1641	7,543.00	4,750.00	2,793.00	5,997.00	5,900.00	4,750.00	1,150.00	97.00	1,643.00
108	Bulldozer	B4587W EK7A									
225	Power Control Unit	P-15058									
34	D-7 Tractor	7M1643	7,543.00	4,725.00	2,818.00	5,958.17	5,900.00	4,725.00	1,175.00	58.17	1,643.00
106	Bulldozer	B4166W EK7A									
223	Power Control Unit	P-15057									
29	D-7 Tractor	7M1537	6,018.00	3,840.00	2,178.00	4,828.22	4,828.22	3,840.00	988.22		1,189.78
4	"	7M1673	5,917.00	4,060.00	1,837.00	4,739.88	4,643.52	4,060.00	583.52	96.36	1,273.48
7	"	7M1686	5,917.00	4,020.00	1,897.00	4,739.88	4,643.52	4,020.00	623.52	96.36	1,273.48
3	"	7M1821	5,917.00	4,060.00	1,837.00	4,744.28	4,643.52	4,060.00	583.52	100.76	1,273.48
71	"	7M12102	5,803.00	3,360.00	2,443.00	4,642.40	4,630.00	3,360.00	1,270.00	2.40	1,163.00
72	"	7M2103	5,803.00	3,380.00	2,423.00	4,642.40	4,630.00	3,380.00	1,250.00	12.40	1,173.00
74	"	7M2171	5,803.00	3,220.00	2,583.00	4,708.10	4,630.00	3,220.00	1,410.00	78.10	1,173.00
81	"	7M2333	5,925.00	3,938.34	2,198.66	4,643.20	4,800.00	3,938.34	861.66	156.80	1,125.00
82	"	7M2323	5,975.00	3,938.34	2,036.66	4,805.89	4,800.00	3,938.34	861.66	5.89	1,175.00
83	"	7M2322	5,975.00	3,938.34	2,036.66	4,805.89	4,800.00	3,938.34	861.66	5.89	1,175.00
84	"	7M2320	5,975.00	3,881.67	2,093.33	4,805.92	4,800.00	3,881.67	918.33	5.92	1,175.00

CATERPILLAR D-4 TRACTORS, WILLAMETTE-HYSTER WINCHES, LETOURNEAU BULLDOZERS, AND POWER CONTROL UNITS MANUFACTURED 1940 & 1941

28	Tractor (D-4)	7J3896W	\$3,675.00	\$3,377.50	\$297.50	\$2,985.02	\$2,875.00	\$3,377.50	\$502.50	\$110.02	1 \$800.00
220	Winch	B4699									
67	Tractor (D-4)	7J4508W	3,562.00	3,080.00	482.00	2,799.80	2,800.00	3,080.00	280.00	.20	1 762.00
263	Winch	B4747									
68	Tractor (D-4)	7J4526W	3,562.00	3,080.00	482.00	2,799.80	2,800.00	3,080.00	280.00	.20	1 762.00
264	Winch	B4746									
53	D-4 Tractor	7J4036W									
121	Bulldozer	B4763W E4H	3,725.00	3,097.50	627.50	2,932.32	2,900.00	3,097.50	197.50	32.32	825.00
245	Power Control Unit	P-15202									
55	D-4 Tractor	7J4037W									
123	Bulldozer	B4765W E4H	3,725.00	3,062.50	662.50	2,931.18	2,900.00	3,062.50	162.50	31.18	825.00
247	Power Control Unit	P-14959									
52	D-4 Tractor	7J4043W									
120	Bulldozer	B4762W E4H	3,725.00	3,097.50	627.50	2,932.33	2,900.00	3,097.50	197.50	32.33	825.00
244	Power Control Unit	P-15203									
56	D-4 Tractor	7J4108W									
124	Bulldozer	B4764W E4H	3,725.00	3,062.50	662.50	2,929.02	2,900.00	3,062.50	162.50	29.02	825.00
248	Power Control Unit	P-15013									
32	D-4 Tractor	7J4145W									
104	Bulldozer	B4577W E4H	3,725.00	3,342.50	382.50	2,933.44	2,930.00	3,342.50	412.50	3.44	1 795.00
221	Power Control Unit	P-14682									
33	D-4 Tractor	7J4163W									
105	Bulldozer	B4578W E4H	3,725.00	3,342.50	382.50	2,933.44	2,930.00	3,342.50	412.50	3.44	1 795.00
222	Power Control Unit	P-14645									

See footnotes at end of table.

CATERPILLAR D-4 TRACTORS, WILLAMETTE-HYSTER WINCHES, LETOURNEAU BULLDOZERS, AND POWER CONTROL UNITS MANUFACTURED 1940 & 1941—Continued

Gov. No.	Item	Manufacturers serial No.	Lease valuation	Rentals paid through Aug. 31, 1941	Difference between rentals paid and valuation	Cost	Original lien	Paid on lien through Aug. 31, 1941	Balance of lien Aug. 31, 1941	Difference between original lien and cost	Difference between original lien and lease valuation
44	D-4 Tractor	7J4585W	\$3,491.00	\$3,237.50	\$253.50	\$2,755.30	\$2,755.00	\$3,237.50	\$482.50	\$0.30	1 \$736.00
113	Bulldozer	B4738WE4H									
231	Power Control Unit	P-14809									
43	D-4 Tractor	7J4596W	3,491.00	3,237.50	253.50	2,755.30	2,755.00	3,237.50	482.50	.30	1 736.00
112	Bulldozer	B4736WE4H									
230	Power Control Unit	P-15014									
45	D-4 Tractor	7J4598W	3,491.00	3,237.50	253.50	2,755.30	2,755.00	3,237.50	482.50	.30	1 736.00
114	Bulldozer	B4737WE4H									
232	Power Control Unit	P-15023									

CATERPILLAR D-4 TRACTORS, LETOURNEAU BULLDOZERS, AND POWER CONTROL UNITS, MANUFACTURED 1940 AND 1941

42	D-4 Tractor	7J4579W	\$3,491.00	\$3,237.50	\$253.50	\$2,755.30	\$2,755.00	\$3,237.50	\$482.50	\$0.30	1 \$736.00
111	Bulldozer	B4735WE4H									
229	Power Control Unit	P-15015									
A-22	D-4 Tractor	7J4713W	3,725.00	1,503.33	2,221.67	2,908.41	2,930.00	1,503.33	1,426.67	21.59	795.00
143	Bulldozer	B4825WE4H									
286	Power Control Unit	P-15281									
A-23	D-4 Tractor	7J5684W	3,725.00	1,503.33	2,221.67	2,907.70	2,930.00	1,503.33	1,426.67	22.80	795.00
144	Bulldozer	B4826WE4H									
287	Power Control Unit	P-15258									
A-7	D-4 Tractor	7J4697W	2,950.00	1,388.33	1,561.67	2,325.87	2,250.00	1,388.33	861.67	75.87	700.00
A-24	"	7J5728W		1,202.67	1,747.33	2,327.82	2,250.00	1,202.67	1,047.33	77.82	700.00
A-25	"	7J5624W		1,202.67	1,747.33	2,327.86	2,250.00	1,202.67	1,047.33	77.86	700.00

CATERPILLAR D-6 TRACTORS, LETOURNEAU BULLDOZERS, AND POWER CONTROL UNITS, MANUFACTURED 1941

A-32	D-6 Tractor	4R142	\$6,098.00	\$1,813.33	\$4,284.67	\$4,798.04	\$4,400.00	\$1,813.33	\$2,586.67	\$398.04	\$1,698.00
154	Bulldozer	B5331WK6									
A-204	Power Control Unit	P17181TE									
A-33	D-6 Tractor	4R143	6,098.00	1,813.33	4,284.67	4,798.04	4,400.00	1,813.33	2,586.67	398.04	1,698.00
155	Bulldozer	B5333WK6									
A-205	Power Control Unit	P17190TE									
A-40	D-6 Tractor	4R173	6,098.00	1,501.67	4,596.33	4,787.94	4,400.00	1,501.67	2,898.33	387.94	1,698.00
156	Bulldozer	B5332WK6									
A-206	Power Control Unit	P17380TE									

LETOURNEAU SCRAPERS AND POWER CONTROL UNITS MANUFACTURED 1941

1012	FP Scraper	S8094FP	\$6,300.00	\$3,692.67	\$2,607.33	\$4,578.29	\$4,600.00	\$3,692.67	\$907.33	\$21.71	\$1,700.00
236	Power Control Unit	P15167TE									
1011	FP Scraper	S8095FP	6,300.00	3,692.67	2,607.33	4,567.18	4,600.00	3,692.67	907.33	23.82	1,700.00
237	Power Control Unit	P15164TE									
1009	FP Scraper	S8096FP	6,300.00	3,673.33	2,626.67	4,579.36	4,600.00	3,673.33	926.67	20.64	1,700.00
235	Power Control Unit	P15166TE									
1010	FP Scraper	S8097FP	6,300.00	3,673.33	2,626.67	4,586.28	4,600.00	3,673.33	926.67	13.72	1,700.00
240	Power Control Unit	P15190TE									
1013	FP Scraper	S8098FP	6,300.00	3,615.33	2,684.67	4,582.68	4,600.00	3,615.33	984.67	17.32	1,700.00
241	Power Control Unit	P15192TE									
1014	FP Scraper	S8099FP	6,300.00	3,615.33	2,684.67	4,575.04	4,600.00	3,615.33	984.67	24.96	1,700.00
239	Power Control Unit	P15188TE									
1023	FP Scraper	S8100FP	6,300.00	3,383.34	2,916.66	4,588.43	4,600.00	3,383.34	1,216.66	11.57	1,700.00
255	Power Control Unit	P15269TE									
1025	FP Scraper	S8101FP	6,300.00	3,364.00	2,936.00	4,595.85	4,600.00	3,364.00	1,236.00	4.15	1,700.00
256	Power Control Unit	P15269TE									
1003	FP Scraper	S8124FP	6,325.00	3,677.33	2,647.67	4,613.33	3,600.00	3,677.33	922.67	13.33	1,725.00
208	Power Control Unit	P14941TE									
1004	FP Scraper	S8125FP	6,325.00	3,677.33	2,647.67	4,613.33	4,600.00	3,677.33	922.67	13.33	1,725.00
209	Power Control Unit	P14936TE									
1026	LS Scraper	S8326LS1D	4,590.00	2,655.00	1,935.00	3,672.32	3,685.00	2,655.00	1,030.00	12.68	905.00
261	Power Control Unit	P15321TE									
1027	LS Scraper	S8328LS1D	4,590.00	2,655.00	1,935.00	3,672.32	3,685.00	2,655.00	1,030.00	12.68	905.00
260	Power Control Unit	P15304TE									
1024	LS Scraper	S8327LS1D	4,590.00	2,625.00	1,965.00	3,672.32	3,685.00	2,625.00	1,060.00	12.68	905.00
259	Power Control Unit	P15319TE									
1031	FP Scraper	S7693FP	7,205.00	1,957.50	5,247.50	5,131.88	4,975.00	1,957.50	3,017.50	157.88	2,230.00
294	Power Control Unit	P16899R8B									
1032	FP Scraper	S7692FP	7,205.00	1,957.50	5,247.50	5,132.89	4,975.00	1,957.50	3,017.50	157.89	2,230.00
295	Power Control Unit	P16898R8B									

LETOURNEAU SCRAPERS, POWER CONTROL UNITS, AND TOURNAPULLS MANUFACTURED, 1941

1033	FP Scraper	S7694FP	\$7,205.00	\$1,933.33	\$5,271.67	\$5,124.80	\$4,975.00	\$1,933.33	\$3,041.67	\$149.80	\$2,230.00
297	Power Control Unit	P17040R8B									
1034	FP Scraper	S7690FP	7,205.00	1,933.33	5,271.67	5,141.00	4,975.00	1,933.33	3,041.67	166.00	2,230.00
296	Power Control Unit	P16640R8B									
1039	LP Scraper	S9184LPB	5,595.00	1,338.33	4,256.67	4,476.00	4,475.00	1,338.33	3,136.67	1.00	1,120.00
A208	Power Control Unit	P17443R8B									
1040	LP Scraper	S9185LPB	5,595.00	1,338.33	4,256.67	3,476.00	4,475.00	1,338.33	3,136.67	1.00	1,120.00
A207	Power Control Unit	P17394R8B									
	Tournapull	3T2131C1A									
1214	Scraper	TS8180LSF	1,069.00	8,122.83	2,567.17	8,552.00	8,550.00	8,122.83	427.17	2.00	2,140.00
	Power Control Unit	P14897TE									
	Tournapull	3T2152C1A									
1215	Scraper	TS8491LSF	1,069.00	8,023.17	2,666.83	8,552.00	8,550.00	8,023.17	526.83	2.00	2,140.00
A209	Power Control Unit	P17394R8B									
	Power Control Unit	P17743TE	620.00	106.67	513.33	496.00				496.00	620.00

See footnotes at end of table.

LETOURNEAU SCRAPERS, POWER CONTROL UNITS, AND TOURNAPULLS MANUFACTURED, 1941—Continued

Gov. No.	Item	Manufacturers serial No.	Lease valuation	Rentals paid through Aug. 31, 1941	Difference between rentals paid and valuation	Cost	Original lien	Paid on lien through Aug. 31, 1941	Balance of lien Aug. 31, 1941	Difference between original lien and cost	Difference between original lien and lease valuation
A210	Power Control Unit.....	P17745TE	\$620.00	\$106.67	\$513.33	\$496.00				\$496.00	\$620.00
A211	Power Control Unit.....	P18618TE	620.00		620.00	496.00				496.00	620.00
A212	Power Control Unit.....	P18658TE	620.00		620.00	496.00				496.00	620.00
A213	Power Control Unit.....	P18736TE	620.00		620.00	496.00				496.00	620.00

CATERPILLAR DIESEL NO. 12 MOTOR GRADERS MANUFACTURED 1940 AND 1941

702	9K2490	\$5,980.00	\$3,737.50	\$2,242.50	\$4,795.44	\$4,795.44	\$3,737.50	\$1,057.91			\$1,184.56
705	9K2585	5,980.00	3,699.17	2,280.83	4,799.40	4,795.94	3,699.17	1,096.77		\$3.46	1,204.06
703	9K2587	5,980.00	3,699.17	2,280.83	4,799.22	4,795.75	3,699.17	1,096.58		3.47	1,184.25
704	9K2589	5,980.00	3,699.17	2,280.83	4,799.22	4,795.75	3,699.17	1,096.58		3.47	1,184.25
707	9K2663	5,980.00	3,335.00	2,645.00	4,814.56	4,795.00	3,335.00	1,460.00		19.56	1,185.00
706	9K2741	5,980.00	3,373.33	2,606.67	4,693.75	4,795.00	3,373.33	1,421.67		101.25	1,185.00
714	9K2989	6,115.00	3,173.34	2,941.66	4,641.76	4,560.00	3,173.34	1,386.66		81.76	1,555.00
716	9K2986	6,115.00	3,173.34	2,941.66	4,641.76	4,560.00	3,173.34	1,386.66		81.76	1,555.00
717	9K2958	6,115.00	3,173.34	2,941.66	4,641.76	4,560.00	3,173.34	1,386.66		81.76	1,555.00
715	9K2951	6,115.00	3,173.34	2,941.66	4,641.76	4,560.00	3,173.34	1,386.66		81.76	1,555.00
720	9K3632	6,390.00		6,390.00	5,112.00	5,000.00		5,000.00		112.00	1,390.00
721	9K3641	6,390.00		6,390.00	5,112.00	5,000.00		5,000.00		112.00	1,390.00
	<i>Special Item.</i> —Used D-12 Motor Grader was available if purchased for rent and was needed. Manufactured about 1938.										
713	9K409	5,275.00	2,762.83	2,512.17	5,275.00					5,275.00	5,275.00

MISCELLANEOUS ITEMS MANUFACTURED 1911

412	Thew-Lorain Moto Crane.....	10699	\$16,280.00	\$1,386.67	\$14,893.33	\$14,243.50	\$14,000.00	\$1,386.67	\$12,613.33	\$243.50	\$2,280.00
990	Willamette-Hyster Tractor Crane.	BCR159	850.00	443.33	406.67	694.00	690.00	443.33	246.67	4.00	160.00
262	LaPlant-Choate Hydraulic Power Units.	P-4-6006	425.00	335.66	89.34	225.00				225.00	200.00
272	LaPlant-Choate Hydraulic Power Units.	P-4-6084	465.00	453.33	11.67	209.17				209.17	275.83
514-1747	Used Northwest Dragline ¹	5483	27,500.00	8,283.34	19,216.66	33,725.00	17,655.19	8,283.34	9,371.85	16,069.81	9,844.81

¹ Being recaptured.² This dragline belongs to Walter H. Denison & Son, Batesville, Ark. We are acting as rental agent.³ Cost figure is Northwest's Sales Price.⁴ Lien is held by Northwest Engineering Company.

EXHIBIT No. 164

Report of operating equipment, Wolf Creek ordnance plant, Milan, Tenn., Aug. 31, 1941

RECAPITULATION

W. C. O. P. number	Description	Value (1)	Value (2)	Value (3)	Total value	Total rental	Repairs, labor- parts
1 to A46	Tractors	116,873.29	585,501.50	35,050.00	737,424.79	407,386.46	77,300.74
100 to 156	Blades, angle, bull- dozer.		11,869.00		11,869.00	5,546.68	3,466.88
200 to A210	Power units	890.00	1,240.00		2,130.00	1,143.59	9,688.72
300 to 311	Shovels		103,900.00	23,500.00	127,400.00	45,998.19	13,036.62
400 to 412	Cranes	8,700.00	119,851.65		128,551.65	26,633.24	2,014.90
500 to 539	Drag lines		466,992.41	16,000.00	482,992.41	147,871.10	39,772.07
600 to 601	Pull graders		3,000.00	1,000.00	4,000.00	2,903.43	766.76
700 to 721	Motor patrols	10,496.00	106,308.00	5,000.00	121,804.00	52,323.52	10,035.51
800 to 823	Rollers	1,100.00	30,030.00	4,000.00	35,130.00	12,934.15	1,394.39
900 to B966	Miscellaneous	56,275.47	120,150.12	11,535.00	187,960.59	68,319.03	5,946.88
1000 to 1040	Scrapers	3,875.00	179,740.00	25,400.00	209,015.00	93,370.29	31,175.97
1100 to 1115	Tractor wagons	9,000.00	12,000.00	8,800.00	29,800.00	24,957.67	13,578.75
1200 to 1225	Self powered, heavy hauling.		88,960.00	12,000.00	100,960.00	131,361.57	23,359.26
1300 to 1399	Concrete mixers	28,554.50	32,212.00		60,776.50	28,413.12	629.20
1400 to 1417	Truck mixers on truck						4,424.27
	Total (sheet 1)	235,764.26	1,861,754.68	142,285.00	2,239,803.94	1,049,162.04	236,590.92
1500 to 1510	Paving machines		88,700.00		88,700.00	37,554.19	1,633.03
1600 to 1685	Water pumps	25,795.89	396.00		26,191.89	3,534.85	520.54
1700 to A1731.	Portable light plants	11,897.98	100,028.50	350.00	112,276.48	57,973.96	8,197.07
1800 to 1813	Ditching & back fill- ing machines.	5,092.50	40,420.00		45,512.50	14,169.96	7,511.21
1900 to 1910	Bituminous equip- ment.		40,265.00		40,265.00	21,256.88	1,293.47
		42,786.37	269,809.50	350.00	312,945.87	134,489.83	19,155.32
2001 to 2073	Station wagons	53,466.34	10,775.00		64,241.34	33,383.35	6,591.86
2100 to 2146	Automobiles	36,785.54	2,470.00		39,255.54	25,375.23	4,924.91
2200 to B2295.	Pick-up trucks	93,868.32	98,650.00	1,550.00	194,068.32	106,755.82	15,153.79
2300 to F2332.	Trucks, dump	32,730.09	263,430.00		296,160.00	151,830.86	
	Trucks, stake & flat bed.	154,203.32	260,409.20	750.00	415,362.52	176,208.14	(1)
	Trucks, mixer	22,246.10			22,246.10		64,257.88
	Trucks, miscellaneous	49,032.02	63,178.05	15,400.00	127,610.07	46,926.47	
2400 to 2427	Welding machines		28,379.00	900.00	29,279.00	11,986.79	794.34
3110 to A3110.	Calculating machines	2,158.54	1,966.50		4,125.04	2,457.58	
3300 to 3347	I. B. M. machines	5.00			5.00	14,308.37	
3401 to 3408	Transit & levels	770.42	954.00		1,724.42	1,217.03	
4100 to 4103	Transformers					40.62	
		445,265.60	730,211.75	18,600.00	1,194,077.35	570,490.26	91,722.78
	Total (sheet 2)	488,051.97	1,000,021.25	18,950.00	1,507,023.22	704,980.09	110,878.10
	Total (sheet 1)	235,764.26	1,861,754.68	142,285.00	2,239,803.94	1,049,162.04	236,590.92
	Total	723,816.23	2,861,775.93	161,235.00	3,746,827.16	1,754,142.13	347,469.02

† Total repairs grouped.

NOTE—Pencil figures are printed in italic.

EXHIBIT No. 165

USWG No.	Description	Bill of Lading Date	Date Rec'd	Rental Date	Recap- ture Date	Attach- ments	Serial No.	New Val- uation	Present Valuation	Month- ly Rent- al	Total Repairs (3-1-41 thru 90-30-41)		
											Labor	Parts	Total
9	Tractor RD7, Caterpillar	2- 4-41	2- 5-41	2- 4-41	10-31-41	100 & 203	9G2513	\$8,400.00	\$5,000.00	\$250.00	\$1,135.68	\$931.42	\$2,067.10
57	Tractor D8, Caterpillar	3- 1-41	3- 7-41	3- 1-41	---	249	1H6319SP	7,500.00	6,500.00	252.50	1,200.25	1,004.71	2,204.26
58	Tractor D4, Caterpillar	3- 1-41	3- 7-41	3- 1-41	---	---	3G52W	3,000.00	1,750.00	100.83	802.43	368.60	1,171.03
59	Tractor D6, Caterpillar	3- 1-41	3- 7-41	3- 1-41	10-31-41	125 & 250	1H5112SP	9,500.00	8,000.00	317.50	2,035.69	1,535.89	3,571.58
60	Tractor D8, Caterpillar	3- 1-41	3- 7-41	3- 1-41	10-31-41	251	1H4925SP	7,500.00	6,500.00	252.50	1,646.07	918.68	2,564.75
90	Tractor 40, Caterpillar	5- 2-41	5- 7-41	5- 2-41	---	---	3G1291SP	3,600.00	2,500.00	125.00	397.76	370.79	768.55
91	Tractor RD4, Caterpillar	5- 2-41	5- 7-41	5- 2-41	---	---	4G2381	2,950.00	2,400.00	105.95	278.77	54.60	333.37
A4	Tractor D4, Caterpillar	5-17-41	5-22-41	5-17-41	---	---	4G-1341	2,950.00	2,400.00	105.95	348.58	159.37	507.95
A47	Tractor D8, Caterpillar	---	9-29-41	---	---	215	1H-3950	---	5,000.00	314.28	18.83	.07	18.90
A48	Tractor D7, Caterpillar	---	10-13-41	---	---	---	7N-1813	---	5,000.00	254.33	---	---	---
A49	Tractor D8, Caterpillar	---	10-13-41	---	---	---	1H3983	---	5,000.00	315.44	---	---	---
A50	Tractor D8, Caterpillar	---	11- 1-41	---	---	---	1H-6957	7,300.00	5,000.00	283.24	---	---	---
A52	Tractor D8, Caterpillar	---	11- 3-41	---	---	A219	1H-9892SP	8,421.00	8,421.00	326.73	---	---	---
A53	Tractor D6, Caterpillar	---	11- 3-41	---	---	A220	1H-9919SP	8,421.00	8,421.00	326.73	---	---	---
A54	Tractor D8, Caterpillar	---	11- 3-41	---	---	A221	1H-9951SP	8,421.00	8,421.00	326.73	---	---	---
100	Bulldozer, LaPlant Choate	---	2- 5-41	---	10-31-41	9 & 203	B7-22F	---	---	---	13.55	1.68	15.23
125	Angledozer, LeTourneau	---	3- 7-41	---	10-31-41	59 & 250	A348D88	---	---	---	313.85	123.90	437.75
137	Angledozer, LeTourneau	---	10-14-41	---	---	---	---	---	---	---	---	---	---
201	Power Control Unit, Athey	---	2-12-41	---	---	1100	A4887CK8A	---	1,400.00	91.49	61.24	20.29	81.53
202	Power Control Unit, LaPlant Choate	---	2-21-41	---	---	1101	---	---	---	---	130.77	15.26	146.03
249	Power Control Unit, LeTourneau	---	5- 7-41	---	---	57	P12088TD	---	---	---	---	---	---
203	Power Unit, LaPlant Choate	---	2- 5-41	---	10-31-41	9 & 100	B-7-22F	---	---	---	386.23	208.82	596.10
250	Power Unit, LeTourneau	---	3- 7-41	---	10-31-41	59 & 125	P-9577TA	---	---	---	168.68	12.41	181.09
251	Power Unit, LeTourneau	---	3- 7-41	---	10-31-41	60	P9618TA	---	---	---	162.57	38.60	201.17
A214	Power Unit, LeTourneau	---	9- 2-41	---	---	A47	P9796TB	---	---	---	190.90	113.37	304.27
A215	Power Unit, LeTourneau	---	10-13-41	---	---	A48	P-15652TE	---	---	---	---	---	---
A216	Power Unit, LeTourneau	---	10-13-41	---	---	A49	P-9717B	---	---	---	---	---	---
A217	Power Unit, LeTourneau	---	11- 1-41	---	---	---	BN-2195075	---	---	---	---	---	---
A219	Power Unit	---	11- 3-41	---	---	A52	---	---	---	---	---	---	---
A220	Power Unit	---	11- 3-41	---	---	A53	---	---	---	---	---	---	---
A221	Power Unit	---	11- 3-41	---	---	A54	---	---	---	---	---	---	---
300	Shovel, Lorraine Diesel	2- 8-41	2-12-41	2- 8-41	---	---	4H8095SP	10,500.00	8,500.00	353.33	2,581.54	1,727.61	4,309.15
301	Shovel, 601 Koehring	2- 8-41	2-12-41	2- 8-41	---	---	1545	2,100.00	1,500.00	594.70	2,264.09	2,419.58	4,683.67
500	Dragline, Bucyrus Erie 10B	2-13-41	2-13-41	2-13-41	---	---	13939	8,200.00	6,000.00	287.78	268.45	121.82	390.27
503	Dragline, Link Belt Speeded	2-13-41	2-17-41	2-13-41	---	---	LS7081	11,500.00	10,000.00	430.63	1,429.24	970.49	2,399.73
600	Blade, Rome Grader	2- 9-41	2-14-41	2- 9-41	---	---	53120	1,100.00	1,000.00	55.00	547.66	155.93	703.59
602	Pull Grader, Adams Leaning Wheel	---	10-27-41	---	---	---	415	---	1,500.00	58.20	---	---	---
700	Motor Patrol, Caterpillar 12	2- 4-41	2- 4-41	2- 4-41	10-31-41	---	9K219	6,000.00	5,000.00	200.00	963.29	826.73	1,790.02
722	Patrol, Caterpillar	---	9-26-41	---	---	---	7E9	---	2,000.00	124.16	4.51	.52	5.03
725	Patrol, Caterpillar 12	---	11- 1-41	---	---	---	9K-2015	---	5,000.00	257.24	---	---	---

801	Sheepfoot Roller	3- 6-41	3- 6-41	10-31-41	B8W-114	625.00	400.00	29.78	42.46	3.64	46.10
802	Sheepfoot Roller	3- 6-41	3- 6-41	10-31-41	BCN-114	625.00	400.00	29.78	223.55	34.78	258.33
803	Sheepfoot Roller, Single Drum	3- 1-41	3- 7-41	10-31-41		600.00	400.00	28.75	65.99	7.95	73.94
804	Sheepfoot Roller, Double Drum	3- 1-41	3- 7-41	10-31-41		1,250.00	800.00	59.56	227.39	45.57	272.96
813	Steam Roller	5-17-41	5-22-41		10825	3,500.00	2,000.00	68.13	93.83	9.94	103.77
907	Large Compressor, Davy 4 cyl	3- 1-41	3- 7-41	3- 1-41	4079-9-U	6,650.00	4,500.00	286.67	98.63	14.09	112.72
908	Rooter, LeTourneau	3- 1-41	3- 7-41	3- 1-41	R2329H3	1,400.00	1,000.00	50.90	208.27	42.81	251.08
909	Air Compressor	3- 1-41	3- 7-41	3- 1-41	EST-1254	350.00	250.00	14.17	52.55	44.46	97.01
914	Earth Drill, Buda	3- 7-41	3- 7-41		232372	3,000.00	2,200.00	82.00	400.42	80.12	540.54
915	Earth Drill, Buda	3- 7-41	3- 7-41		565	3,000.00	2,200.00	82.00	400.42	171.45	636.54
A909	Pole Setting A Frame	4-30-41	4-30-41			1,000.00	750.00	49.17	290.34	146.70	437.04
A923	Tank, 1100 gal	3- 1-41	5- 8-41	10-31-41		225.00	150.00	10.88	18.18	1.69	19.87
A924	Tank, 1100 gal	3- 1-41	5- 8-41	10-31-41		225.00	150.00	10.88	31.98	6.15	38.13
A925	Tank, 1100 gal	3- 1-41	5- 8-41	10-31-41		225.00	150.00	10.88	1.50		1.50
A948	Disc Harrow, Avery	5-17-41	5-22-41			285.00	185.00	13.73	85.91	12.61	98.52
B982	Compressor, Chicago	9-23-41			27666						
1015	Scraper, LeTourneau 12 yd	3- 1-41	3- 7-41	10-31-41	284700YR 12C	5,500.00	4,500.00	182.50	924.09	1,074.81	1,998.90
1016	Scraper, LeTourneau 24 yd	3- 1-41	3- 7-41	10-31-41	S7862WE	9,000.00	8,200.00	307.00	946.29	918.56	1,864.85
1017	Scraper, LeTourneau 12 yd	3- 1-41	3- 7-41	10-31-41	2159 J 512	5,500.00	4,500.00	182.50	1,404.69	1,877.85	3,282.54
1018	Scraper, LeTourneau 24 yd	3- 5-41	3- 8-41	3- 5-41	S78-16WE	9,000.00	8,200.00	307.00	870.56	1,638.66	2,509.22
1041	Scraper, 18 yd		8-27-41		1825-2				139.58	111.57	251.15
1042	Scraper, LeTourneau 12 yd ²	9-29-41	9-24-41		S8209Y P128		4,000.00	252.20	29.45	48.81	78.26
1043	Scraper, LeTourneau 12 yd	10-13-41			250212		3,500.00	252.20			
1044	Scraper, LeTourneau 12 yd	10-14-41			2495Y12		4,000.00	252.20			
1045	Scraper, Daniels 18.2 yd	11- 1-41	11- 1-41		1825-1	8,600.00	8,600.00	333.68			
1046	Scraper, LeTourneau 12 yd	11- 1-41	10-23-41		2563Y12	7,100.00	4,000.00	275.48			
1100	Tractor Wagon, Athey	2-11-41	2-11-41		A217						
1101	Tractor Wagon, LaPlant Choate	2-11-41	2-11-41		201	4,500.00	3,000.00	142.50	511.84	138.22	650.06
1111	Crawler Wagon, LaPlant Choate	3-10-41	3-17-41		202	4,500.00	3,000.00	142.50	451.25	79.27	530.52
1200	Heavy Hauling Equip., Linn 1	2- 9-41	2-14-41		DW-1428	4,200.00	2,800.00	133.00	605.69	957.13	1,562.82
1201	Heavy Hauling Equip., Linn	2- 9-41	2-14-41		DW-14-29	10,000.00	6,000.00	310.00	635.66	145.29	780.95
1606	Water Pump, Wisconsin Motor	3- 1-41	3- 7-41	8- 7-41	D-35	10,000.00	6,000.00	310.00	633.63	188.29	831.92
1724	Light Plant, Kohler	3- 7-41	3- 7-41	10 31-41	AD-50608	200.00	125.00	7.92	32.04	6.72	38.76
2201	Chevrolet Pickup Truck, 1940	1-23-41	1-23-41	10 31-41	E-741	446.50	350.00	14.66	210.58	52.82	263.40
2202	Ford Pickup Truck, 1937	1 23-41	1 23-41	10 31-41	9KC 09	750.00	650.00	44.00	127.00	43.52	170.52
2203	Chevrolet Pickup Truck, 1940	2 15-41	2 15-41	9-30-41	312351	650.00	400.00	36.50	248.25	74.17	322.42
2300	Chevrolet Flat Bed Truck, 1940	1-23-41	2 15-41	9-30-41	9KC 03-5689	750.00	650.00	44.00	171.60	66.99	238.59
2308	GMC Trailer Truck, 1937	2-11-41	2 10-41		F23A-330	950.00	750.00	42.33	316.91	118.41	435.32
2314	GMC Trailer Truck, 1937	2 12-41	2 12-41	9-30-41		7,000.00	4,000.00	215.00	931.62	222.42	1,154.04
2390	GMC Winch Truck, 1939	2 26-41	2 26-41		C22804936	10,500.00	8,000.00	342.50	1,539.25	858.65	2,397.90
E2398	GMC Pole Cab Truck, 1940	2-19-41	8-20-41		482 AC-402	1,800.00	1,400.00	64.00	470.95	183.64	654.59
2400	Welding Machine, Lincoln	2-19-41	2-19-41	10-31-41	D11194	1,140.00	2,900.00	37.50	601.83	322.68	924.51
	Totals								31,548.29	21,864.97	53,413.26

1 October Labor & Parts, \$790.66. October Labor & Parts \$98.28. October Labor & Parts \$230.03. — 11-1-41 Parts only \$930.94.
2 October Labor & Parts \$642.84. October Labor & Parts \$422.75. October Labor & Parts \$247.97.

EXHIBIT No. 166

Under date of September 4, 1941, the Mills-Morris Company of Memphis, Tennessee, submitted a letter to the C. Q. M. at the request of the Supervising Auditor of Tool and Equipment for C. Q. M., setting forth in the letter an agreement to establish and stock an organization in the city of Milan, Tennessee, for the purpose of filling emergency orders for repair parts for motorized vehicles. Copy of the aforesaid letter is attached hereto.

The organization states that such parts as pistons, pins, valves, timing gears, timing chains, gaskets, and numerous other parts for Chevrolet, GMC, Ford, and International vehicles were carrying a discount of 40% from the manufacturer's list price, fob, job-site.

Such heavier replacement parts as gears, transmissions, and differential for Chevrolet, GMC, Ford, and International would carry discount of 33⅓%. Such items as brake linings, and sets or rollers molded or woven for Chevrolet, GMC, Ford, or International as well as Tractors and Draglines could be furnished at a 50% discount. Such items as Generators for Ford and Chevrolet could be exchanged ranging from \$5.25 to \$6.00.

This organization agreed to set up a stock room in Milan, Tennessee, adequate to fill the needs for emergency orders for motorized equipment. This organization states that at the termination of the Ferguson-Oman Company contract that they would be willing to repurchase all of the parts that they had on hand provided these parts are in salable condition and in the original boxes. This organization handles a nationally known product and they carry the same guarantee as those furnished by the various car dealers who are, at the present time, furnishing supplies. Therefore, the Tool and Equipment Division of the C. Q. M. feels this organization is offering standard merchandise, adequate service, and the largest discount of the other five or six Vendors now servicing Wolf Creek Ordnance Plant, and we feel that this organization should be given the blanket order the same as the other Vendors not to exceed \$2,000.00 and to be used to fill the requirements for emergency parts. No discrimination should be shown this organization.

THE MILLS-MORRIS COMPANY,
Memphis, Tennessee, September 4, 1941.

CONSTRUCTION QUARTERMASTER CORPS,
Milan, Tenn.

GENTLEMEN: In May I endeavored to enter into a contract with the Ferguson-Oman Company to furnish parts for your several cars and trucks that are now being used in the construction of the Wolf Creek Ordnance Plant. There were several different discounts carried on the various lines that we have, and we built two catalogs, one for Lieut. Bruce's office, and one for Mr. Quinn Flowers' office. Our proposition was that this was to be covered by a blanket order from the Ferguson-Oman Company for \$2,000 for emergency parts, as well as others. As I learned later from Mr. Flowers, C. Q. M. turned this proposition down.

The parts covered in the contract were as follows: piston, pins, valves, timing gears, timing chains, gaskets, tie rod ends, shackle bolts and bushings, and lug bolts, Federal Mogul connecting rod, bearings, also main bearings, clutch facings and plates, pressure plates, springs, mufflers and tail pipe, ignition cable and small parts such as ignition rotors, caps, condensers, and points. These were for Chevrolet, GMC, Ford and International trucks. The above items carried a discount of 40% from the manufacturers list price fob job-site.

Gears, Transmission and Differential for Chevrolet, GMC, Ford and International, also rear axle shafts. The above merchandise carried discounts of 33⅓%. Brake lining, sets or rolls, molded or woven, for Chevrolet, GMC, Ford and International trucks as well as tractors and drag lines, also piston rings, less 50%. Generators, Ford \$6.00, Chevrolet \$5.25 on an exchange basis. Motor exchange, provided crank shaft is not broken and no holes are in the block.

Fords 1939 to 1941 inclusive \$53.50

Chevrolet, less heads, 1939 to 1941 inclusive \$56.00

Chevrolet, with heads, 1939 to 1941 inclusive \$64.50

Overhaul motor International D30-D35 and GMC \$85.00 net fob job-site.

Sleeves for D35 International \$4.45 if complete.

Pontiac 1939 \$95.00 complete

Plymouth 1941 \$70.00—complete overhaul

Dodge 1941 \$90 complete overhaul

Fan Belts 45% off manufacturers' list, radiator hose 45% off list, brake hose, $\frac{1}{2}$ " 24¢ per foot, $\frac{3}{4}$ " 30¢ per foot, clamps for brake hose 5¢ each. Bimetallic facings such as steering clutch, master clutch, brake lining and cones for Caterpillar Trucks, AC Tractors, LeTourneau and Wooldridge Scrapers.

According to the TPS schedule we also agreed to keep a stock of merchandise in our Milan Tennessee Branch to take care of any emergency that you may not have in your stock, and to send out and check your stock from your Kardex system and not let you get low on any of the above merchandise.

Since this contract was drawn in May, there have been some slight changes on some of the merchandise in price. We have continued to send to the Ferguson Oman Company two sets of catalog pages to be changed by the C. Q. M. and Mr. Grissom in Mr. Quinn Flowers' office, but our Branch Manager in Milan advises us that these pages have not been put into the catalog, and for us to discontinue sending them.

I believe we can give you quicker service than you can get elsewhere. We think we carry one of the largest lines of replacement parts in the entire South, and up to the present time have been very successful in getting the merchandise needed from the various factories.

I will appreciate it if you would check into this again and see if we can enter into a contract with you.

At the termination of the Ferguson Oman Company's contract, we, The Mills-Morris Company will take back any of the parts that we might sell you that the Procter & Gamble Company does not take off your hands for the further upkeep of their individually owned trucks, provided these parts are in salable condition, and in the original boxes.

We, The Mills-Morris Company will give Ferguson Oman Company a check for the parts returned, but we will not take from you, and of course, we know that you would not expect us to, any parts purchased from the car distributor, or from other sources.

I might add in this letter that the parts that we furnish you are as much genuine parts as you can purchase anywhere, such as the pistons, pins, valves, are made by the Thompson Products Company, Cleveland, Ohio, and if you will check over these catalogs you will find that all the manufacturers represented in the catalog are of the highest type, and it is the writer's belief that the different manufacturers draw a big supply of their own merchandise from these manufacturers, but we will guarantee our parts just as much as the car dealer guarantees them to you.

Hoping that this is the information you want, and hoping that you will give us the opportunity of discussing this further with you, I am,

Yours very truly,

THE MILLS MORRIS COMPANY,
_____, *Secretary.*

EXHIBIT No. 167

ITEM No. 1

Under date of March 25, Le Tourneau, Tournapull, condition new, was received on the reservation at Wolf Creek Ordnance Plant, Milan, Tennessee. This piece of equipment carried engine number IN3178SP, Control Unit number P15280TE, serial number 3T2152CIA, Scraper serial number TS8491LSF. Official records of the Tool and Equipment Division show that the owners of the aforesaid piece of equipment are Taylor-Hale Machinery Company of Memphis, Tennessee, and that the Lien Holder is the Union Planters National Bank and Trust Company of Memphis, Tennessee.

This piece of equipment was shipped from Peoria, Illinois, on March 20, 1941, with freight being paid by the United States Government. The aforesaid piece of equipment was valued at \$10,990.00, carrying a rental rate of \$1,495 per month. On file therewith Photostatic copy of same.

Attached hereto is a telegram dated September 13, 1941, signed by the Fischer, R. G. LeTourneau, Incorporated, of Peoria, Illinois, stating that the Model "C"

Tournapull or a duplication of the aforesaid piece of equipment there is a purchase price f. o. b. Peoria, Illinois, of \$10,175.00.

Therefore, this Audit Division feels that this piece of equipment has been submitted for rental of approximately \$815.00 over-priced.

ITEM No. 2

The LeTourneau, Tournapull, serial number IM318057, carrying Power Unit number P14897TE, serial number 3T-2131CIA, owned by Taylor-Hale Machinery Company of Memphis, Tennessee, and shipped from Peoria, Illinois, on March 18 with freight rate being paid by the United States Government and showing a value of \$10,990.00 with a rent rate per month of \$1,495. According to Photostatic copy of the telegrams attached hereto, this piece of equipment should have been rented with a value of \$10,175. Consequently this piece of equipment has been received and rented with an excessive value of \$815.

ITEM No. 3

The LeTourneau, Tournapull, serial number 3T-2144-CIA, engine number 1N3185SP, owned by Walters and Prater of Morristown, Tennessee, received at Wolf Creek Ordnance Plant March 12, 1941, carrying a value of \$10,990.00 and a monthly rental rate of \$1,250. Could have been rented for a value of \$10,175.00 as per attached Photostatic copy of telegram. Therefore, this piece of equipment was placed under rental contract at an excessive value of \$815.00.

The aforesaid LeTourneau, Tournapull was shipped from Peoria, Illinois, f. o. b., with the United States Government paying the freight rate.

ITEM No. 4

LeTourneau, Tournapull, received March 12, 1941, at Wolf Creek Ordnance Plant, carrying engine number 1N320SP, serial number 3T2145CIA, owned by Walters and Prater of Morristown, Tennessee, was received with a value of \$10,990.00, carrying a monthly rental rate of \$1,250. Should have been rented at a figure not to exceed \$10,175.00 as per Photostatic copy of telegram attached hereto. Therefore, the aforesaid piece of equipment is rented with an excessive valuation of \$815.00.

In conclusion, if the aforesaid piece of equipment had been received at the correct rental value of \$10,175.00 each, it would have created a savings for the United States Government of approximately \$3,260.00. Footnote: See Photostatic Illinois Central Railroad Company's freight bills attached hereto.

WU 17. TWS Paid 3 Peoria, Ill. Sept. 13, 1941. 901A.

HOFTO CONSTRUCTING QUARTERMASTER:

Retel model C Tournapull with two 21 x 24 and two 15 x 20 tires or four 13.50 x 20 tires \$10,175.00 With two 18 x 24 and two 15 x 20 or four 13.50 x 20 tires \$9,975.00. Prices are as of March sixth and FOB Peoria. Mailing price lists requested.

FISCHER R. G. LETOURNEAU, INC.

See Photostatic copy in original files

On September 22, at approximately 12:30 P. M., a telegram was received by The Tool and Equipment Department from the Fischer R G LeTourneau Incorporated Company which stated:

Quote "Refer our wire September 13 price as quoted wrong. Should be \$10,990. Regret our error." End of quote.

It is our belief that an organization as efficient and capable as the Fischer R G LeTourneau Incorporated, producing pieces of heavy equipment running into thousands of dollars could not possibly make an error to an extent of over \$800 per unit.

We think it advisable that the Fischer R G LeTourneau Incorporated show printed price list as of March 6 from their official records so that positive price quotations can be determined.

Attached hereto is a copy of the telegram received which telegram is on file in the Tool and Equipment Division of the C. Q. M.

WU21. 17/15. SER-WUX Peoria, Ill. 22. 911A.

HOFTO CONSTRUCTING QUARTERMASTER:

Refer our wire September 13 price as quoted wrong should be \$10,990 regret our error.

FISCHER R. G. LETOURNEAU, INC.

EXHIBIT No. 168

Since the outset of construction at Wolf Creek Ordnance Plant at Milan, Tennessee, there has been an inadequate record system and procedure for initiating motor vehicle control.

For example: On September 13 there was submitted to the Tool and Equipment Department of the C. Q. M. a report entitled "Daily Motor Vehicle Report". This report is a recap of the operation of motor vehicles at the Milan Ordnance Depot of the Wolf Creek Ordnance Plant for the preceding twenty-four hour period of September 12. This report is absolutely inadequate, not correct, and not complete. It fails to show the operation of sixty-nine vehicles. These reports should show to whom the vehicle is assigned, the actual working hours, the hours the vehicle is down for repair, and the hours the vehicle is idle. From this report Tool and Equipment Divisions should be able to keep rental rolls for payment of rent. Due to the fact that sixty-nine of these vehicles were not listed, it would be utterly impossible to submit an accurate rental roll. Therefore this division is forced to put additional personnel in the field to secure an adequate record system.

On September 13 the same report entitled "Daily Motor Vehicle Report" submitted by the Transportation Department of Ferguson-Oman Company failed to list seventy-five pieces of motorized vehicle. The laxity of this report is because there is no control over light equipment (Sedans, Station Wagons, and Pickup Trucks). If all motor vehicles were required to check through the established motor pools at least once every twenty-four hours, an accurate motor vehicle report could be obtained. This would not necessitate additional personnel because the organization is and has been established for months and regardless of whether two hundred vehicles check through the motor pool or whether all check through the pool, it will still require the same amount of personnel. Therefore, this record system could be established and could be submitted accurately without difficulty, without additional cost, without additional personnel, and without enlarging the present established motor pool.

There exist today two divisions in the Transportation of Ferguson-Oman Company. One division is classified as the personnel and truck division. This division handles the organization and supervising of the personnel transportation at Wolf Creek Ordnance Plant and Milan Ordnance Depot. Their duty is to supervise the system now operating within the gates of the reservation and the transportation of personnel from the various time clocks to the job locations. They are also in charge of the heavy truck division which handles vehicles of one and one-half ton and up, these vehicles serving the construction, roads, and railroad division in supplying materials, etc. The Light Transportation Division is that division which supervises the assignment and control over vehicles of one ton and less. At the present time these two divisions are operating as separate units. If these two division were consolidated and operate as one unit, it would eliminate the personnel and the operating cost of the Light Transportation Division and would not cause the Heavy Truck Division to add additional personnel nor would it require additional operating cost which we believe would create a savings for the United States Government of at least \$100,000.00 per annum. This recommendation has been made previously but same has been ignored and no action has been taken to reduce the operating cost of the Transportation Department of Ferguson-Oman Company.

This Division is in receipt of a letter dated May 26, 1941, from Lt. Nicholson to Major Paul M. Brewer carrying subject, "Elimination of Convoys". The convoy system that was established at Wolf Creek Ordnance Plant in the latter part of February or the first part of March was the transport the workmen from the various gates of the reservation to the job locations. Approximately eighty, one and one-half ton motor vehicles were utilized and all were equipped with tarpaulin racks and tarpaulin seats, etc. It was recommended by Lt. Nicholson that the convoy system be eliminated which in labor alone was costing approximately \$4,314.10 per week.

From mutual agreement with the contractors, convoy system was to be eliminated. The tarpaulin racks were removed from the motor vehicles and the operators of the vehicles which previously had been working nine hours per day should have been reduced to eight hours per day, thereby, eliminating the overtime which these truck drivers were drawing. It was recommended that temporary time buildings be constructed at or near the job site so that the workmen could check in directly at the job thereby eliminating the need for transportation. These time clocks were built and established and to date the convoy system is

still in operation and the only difference in the system now in operation and the previous system is that the motor vehicles are not equipped with tarpaulin racks, benches, etc. Consequently, this system in labor alone is costing the Government approximately \$224,333.20 per annum.

There have been motor pools established in the city of Jackson, Tennessee, Humboldt, Tennessee, and Trenton, Tennessee. These pools are established for the primary reason of permitting authorized individuals to park their motor vehicles while same is not on official duty. These pools are costing the United States Government approximately \$32,000.00 per year. It is the opinion of the Tool and Equipment Division that if an individual working on a defense project is indispensable and important to the point to where it is felt advisable to give them twenty-four hour motor vehicle service then this individual should be capable of being charged with the responsibility of the motor vehicle assigned to him when same is not on official duty. This would have a tendency to eliminate these established motor pools and as heretofore stated, would create a savings of \$32,000.00 a year.

On April 10, 1941, an inter-departmental letter in the form of a bulletin was distributed to all department heads. This letter read in part as follows: Quote—"To All Department Heads: It is imperative that all pickup trucks report to the motor pool once every 24 hours, so they maybe charged to the correct department." End Quotation. This bulletin was signed by John Taylor, Superintendent of Transportation. As heretofore stated, this bulletin was issued on April 10, approximately five months ago, and yet there is still an average of seventy to seventy-five vehicles failing to report to the motor pool and this Department cannot determine how the coding department of Ferguson-Oman Company can accurately distribute the cost of light transportation when almost one-fourth of the motor vehicles are failing to report to the motor pool.

The foregoing facts as set forth have a tendency to show where the operating cost of one department could be reduced approximately \$356,333.20. This foregoing estimate in cost could be initiated without an increase in personnel and at the same time the system could be installed whereby an efficient, correct, and adequate record could be established without difficulty.

As of August 31, the value of motor vehicles, Wolf Creek Ordnance Plant and Milan Ordnance Depot, was placed at a total of \$1,158,943.89. The total cost of labor and parts to maintain these vehicles to date is \$90,928.44.

On September 8, 1941, a recommendation was made that the personnel of the Light Transportation Garage which is under the Supervision of the Transportation Department of Ferguson-Oman Company be reduced. Under this date on the first shift from 12 midnight to 8 a. m. there were 28 mechanics and 32 helpers. These mechanics drawing salary approximately \$65 per week and the mechanic helpers drawing approximately \$39 per week. It was recommended that this force be reduced to 18 mechanics and 18 helpers. From the second shift from 8 a. m. to 4 p. m. there were 34 mechanics and 35 helpers working. The recommendation was submitted that this force be reduced to 25 mechanics and 25 helpers. On the third shift from 4. p. m. to 12 midnight under this date there were 23 mechanics and 26 helpers. A recommendation was made that the personnel be reduced to 20 mechanics and 20 helpers. This total reduction would mean the elimination of 52 persons totaling approximately \$135,200 per year which would raise the total savings and reduce the operating cost of the Transportation Department of Ferguson-Oman Company alone approximately \$491,533.20.

EXHIBIT No. 169

War Department Circular number 183, dated August 29, 1941, states: For the maintenance, upkeep, and repair (exclusive of garage rent, pay of operators, tires, fuel, and lubricants) on any one motor propelled vehicle except buses and ambulances in excess of one-third of the market price of the new vehicle of the same make and class, and in no case, in excess of \$400. In other words, it is not permissible to expend money for labor and repair on any one motor vehicle in excess of one-third of the market price of the new vehicle and in no case, in excess of \$400, in any one year.

In paragraph "E," item 4, of War Department Circular number 183, specifically states that: Quote "Neither Civilian or Military personnel is authorized to use army vehicle except when required in the actual performance of their official Government duties" End of quote.

It is the opinion of the Tool and Equipment Department of the C. Q. M. that any vehicle on rental agreement contract automatically comes under the control and jurisdiction of the United States Government and therefore, is classified as a Government owned vehicle. If the foregoing assumption is correct and the following motor vehicles have had money expended thereon in the form of labor and parts in excess of \$400.00 in less than one year, consequently same is not authorized nor should same be reimbursable by the United States Government.

Vehicle number 2314, GMC Trailer, rented at Wolf Creek Ordnance Plant on February 12, 1941, from Oman Construction Company of Nashville, Tennessee, was used model 1936. Valuation was listed at \$8000.00, carrying a monthly rental of \$342.50. As of July 1941 there had been expended for labor and parts on this vehicle \$487.56. This figure does not include gasoline, oil, grease, etc. Verification of this amount, see statement of operating cost of trucks for month of July 1941, official record Transportation Department, Ferguson-Oman Company.

As of July 30, 1941, Ferguson-Oman Company rented Chevrolet Trailer 1938 model, five tons, condition was used, same was rented from Paul Clancey of Memphis, Tennessee. Its value was given as \$4000.00, carrying a monthly rental rate of \$650.00. Records show that the C. Q. M. Inspector stated that this piece of equipment, when received, was in fair condition, had air brakes, dual ratio axle, two auxiliary gas tanks, set fuses, heater, one extra rear end, two axle boomers, one chain, double trans. fifth wheel split. According to official records of July 1941, thirty days later this vehicle received \$661.68 in labor and parts cost for repair. If the interpretation of the War Department Circular is correct, the expenditures for labor and parts on this vehicle have exceeded in one month \$261.68 over the authorized amount permitted.

As of August 30, 1941, this vehicle, according to the service record of the Tool and Equipment Department of the C. Q. M. has actually worked 176 hours although same has been on the reservation 1464 hours.

It is the opinion of this Department, due to the fact that this piece of equipment has only been utilized in actual work approximately 12% of the time on the reservation, the same was not needed at the time of rental and the same should be released from service on this job site.

EXHIBIT No. 170

WAR DEPARTMENT,
WOLF CREEK ORDNANCE PLANT,
Milan, Tennessee, June 14, 1941.

Memorandum.

Subject: Request for transfer.

To: T. D. Thomas, Field Auditor, Wolf Creek Ordnance Plant, Milan, Tennessee.

1. Initiation of steps necessary to effect a transfer of station assignment is requested.

2. Facts occasioning request are:

a. Performance of prescribed audit functions impossible. General contractor refuses to record proper basic accounting information.

b. Section personnel insufficient to operate as directed under Construction Division Letter No. 286. (Your attention is invited, further, to Construction Division Letters No. 249 and 285).

3. Recommendation that Zone Auditor conduct a physical inspection of conditions is considered advisable to determine that basic defense materials are receiving proper application. Accountability must accompany expediency to avoid undue waste.

4. Reflection on the administration of your office is neither intended nor implied. Fullest cooperation within the limits of your local jurisdiction has been extended.

5. Consideration of present rating and responsibilities with view of compensatory adjustment is requested in this connection.

A. W. B.
ANTHONY W. BOUCK,
Chief Equipment and Tool Inspector.

EXHIBIT No. 171

WAR DEPARTMENT,
WOLF CREEK ORDNANCE PLANT,
Milan, Tennessee, May 19, 1941.

Inter-Office Memo.

From: A. W. Bouck, Chief Equipment and Tool Inspector.

To: T. D. Thomas, Field Auditor.

Subject: Rejection of Rental Equipment.

1. On May 12, 1941, the Oman Construction Company delivered five gasoline powered Euclid Trailer Wagons to this work site for rental under the provisions of Contract W 7011qm-2.

2. Inspection of these units indicated that an average of \$1000.00 must be expended on each machine before it could be placed at work.

3. In rejecting this equipment consideration was given to the availability of similar dirt moving units. As at this date seven Kochring Trail Dumps, powered by Case Motors are available from the Tri-State Equipment Company, Memphis, Tennessee.

ANTHONY W. BOUCK,
Chief, Equipment and Tool Inspector.

EXHIBIT No. 172

[Copy of photostat]

WAR DEPARTMENT,
WOLF CREEK ORDNANCE PLANT,
Milan, Tennessee, June 17, 1941.

Memorandum.

Subject: Progressive Narrative.

To: T. D. Thomas, Field Auditor, Wolf Creek Ordnance Plant, Milan, Tennessee.

Shortly after the establishment of this section on March 1st, 1941, it was determined that no acceptable records had been established by the contractor for operations since starting the job as at January 20, 1941.

Operating on the theory that since control by records was impossible, physical control at the source was imperative. Competent inspectors were installed at the heavy equipment barn, light equipment garage, and at the central tool house. Inspectors were also assigned to inspect all equipment turned over to the contractor.

Various methods of enforcing control of repair expenditures have been employed, chief among these being that no reimbursement would be made for transactions which appeared irregular to the government inspectors.

The accounting and auditing portion of this section has been primarily concerned with getting accrued rentals paid to the owners at the earliest possible moment.

Because no acceptable forms nor procedure had been effected by the contractor toward the payment of rentals, this department initiated and counseled the contractor's accounting department in matters pertaining thereto, to the end that reasonable records might be established.

OBSTACLES

It happens to be to the interest of the contractor that no routine records be kept, and therefore, constant vigilance must be kept on these departments to determine records are posted.

With regard to the small and shop tool situation, no related records have ever been kept. Such records as this department have been able to uncover are fundamentally lacking in accounting value. On one occasion two of our inspectors were refused access to the contractor's records which were under the direct supervision of Mr. McCarran, the contractor's property man. Because this department is aware that irregularities existed in the small tool and property section of the contractor, the matter of inspecting their records was not pressed because such records as had already been inspected were worthless. Independent records, obtained from material receiving reports are being compiled, and a search for such tools and materials is under way. Items unaccounted for shall be set up in the records of this department as direct charge to the contractors fixed fee.

There has been, in the matter of certifying to the valuation and condition of equipment sent to this work site, grave differences of opinion. This difference

is confined not only to the contractor and the inspectors of this department but to certain personnel of the army who override our decisions to the benefit of the contractor and the detriment of the government. Such an instance can be illustrated in the case of 5 Euclid Trailer Wagons sent in for rental: This department valued the machines at \$8500.00 each, such valuation being based on the actual age and condition of the equipment. Capt. Carlton, Executive Officer thought we shouldn't be too hard on the owner and set the valuation at \$9450.00 per unit. Capt. Carlton has also taken exception to the "intolerant" attitude of this section in the matter of repairs and replacements. In the presence of Stirton Oman and Quin Flowers of the Ferguson-Oman Company and myself, he pounded the desk with his fist and stated the the inspectors of this office (Tool & Equipment) had absolutely no authority at the heavy equipment barn or garage, and if anything appeared wrong, a letter should be written about it. Marked exception is taken to this particular statement because it conveyed the impression to Mr. Oman, who is a member of the general contractors Company, that this section could be ignored with the sanction of the Constructing Quartermaster. As a matter of fact, all irregularities that appear are charged directly to this department for the reason that we are the only section actively concerned with determining that the U. S. Government is getting what it pays for.

The Ferguson-Oman Company has at various times and by various means sought to deplete this section of certain of its personnel.

In March, 1941, H. F. Stanfiel, Senior Inspector, was approached by a member of the Ferguson-Oman Company Mechanical Division in this manner, "Show me your government check and I will double it if you will go to work for us."

Mr. Pirtle, Mechanical Inspector at the light equipment garage had to say in this connection, "There isn't enough money in the mint to make me wear a Ferguson-Oman badge, now that I know how they operate."

Probably one of the greatest sources of friction, and beyond doubt a contributing factor toward disrespect of government employees, both civilian and army was the induction of Gilbert Olson who has neither civilian government status nor army rank, into a position termed "coordinator" at \$750.00 per month. Mr. Olson was employed through the normal personnel channels of the Ferguson-Oman Company but exercises the privileges and authority of a ranking army officer.

On June 5, 1941, at a meeting attended by A. K. Ferguson, Wallace Faulk, Assistant Construction Supt. of Ferguson-Oman Company and others, I heard him remark while on the subject of necessary transportation facilities, "I have already sent Capt. Carlton, (Executive Officer) after some cars."

The position Mr. Olson has assumed is tacit admission by Executive authority that neither the army, nor the Civilian Government employees are capable of performing the duties of "Coordinator."

Because Mr. Olson is an employee of Ferguson-Oman Company, and because he, naturally, does not wish to stand in the way of the general contractor's wishes, he cannot render impartial decisions, nor is his judgement calculated to render the U. S. Government the fullest fealty.

It should be noted, pointedly, that Mr. Olson has not been required to take the oath required of all U. S. employees, but yet exercises authority second only to the Constructing Quartermaster.

Beyond all question of doubt there is a fatal weakness in any system that admits, as in the case of Mr. Olson, that its constituted personnel is unequal to the task at hand. France fell of a similar ailment.

In the matter of accounting for equipment, the general contractor has steadfastly maintained the attitude that it was none of the business of the Equipment and Tool Section—and therefore the U. S. Government—what disposition was made of such units.

As at this date no actual working hours have been furnished on cars, station wagons, and pickup trucks.

While the act of transcribing daily basic information to the rental rolls is important in order to determine proper payment thereof, it is more important to keep a daily check on such vehicles to determine that their usage is diverted into the proper channels. Station wagon No. 2070 was missing for several days during the first part of June. No one knew its whereabouts until it was discovered in Humboldt, some 12 miles from the work area. It is reasonable to presume that such abuses are magnified many times if no control is kept on some 600 light vehicles. It would be interesting to determine also, if all these vehicles are necessary to the furtherance of this project. A daily check and control would establish this fact.

For many days during the latter part of May, 1941, and the early part of June, 1941, Atkins insisted on parking his private car in the light equipment garage. Mr. Atkin's car was a constant source of anxiety to the mechanics because it was in the way and filling needed space. Several attempts were made to have the car removed but to no avail. When John Taylor, Supt. of Light Equipment, Ferguson-Oman Company was asked why Mr. Atkin's car was not removed, he said that the reason was that the government wanted it out, and for that reason it was left in. This appears to be Mr. Atkin's logical reasoning when it is remembered that for months Mr. Atkins insisted on being paid both mileage of five cents per mile for use of his private car and gasoline free of charge from the Company pumps.

This office goes on record with an emphatic protest of the practice of making no distinction of equipment and accounting as between the Wolf Creek Ordnance Plant and the Milan Ammunition Depot. Separate accountability records should be set up before charges are intermingled to the point where identity is completely lost. The Government must take over this job.

ANTHONY W. BOUCK,
Chief Equipment and Tool Section

EXHIBIT No. 173

JUNE 17, 1941.

From: O. H. Ellis, Principal Clerk, Tool and Equipment Inspection Division,
Field Auditor's Office.

To: Anthony W. Bouck, Chief Tool and Equipment Inspector.

NARRATIVE REPORT

1. As per your request of June 16, 1941, the writer herewith tenders a report reflecting observations, substantiated conclusions and actual experiences, obtained from his relationship with the Ferguson-Oman Co. while employed in the Chief Tool and Equipment Division of the Field Auditor's Office of the United States Government.

2. References in said report or necessity go outside the scope of his duties as the manager of office routine in said section due to the fact that management of same depends, in a large measure, on obtaining reports, data, information, and documentary proof from the Ferguson-Oman Company and a good portion of the information herein set out was obtained often times in a fruitless endeavor to procure these basic requisites.

3. For historical purposes it might be stated that the writer was employed by the Government on February 18, 1941 and under the direct supervision of Captain Charles W. Carlton was assigned the duties of obtaining information and setting up the necessary records for the handling of rental equipment records. In the furtherance of his duties the writer had the exclusive control of these records until the appointment of yourself as Chief Tool and Equipment Inspector and during that period of control, as well as thereafter, had the duty of obtaining from the contractor the necessary reports, records and information for the purpose of auditing rental rolls and in general keeping the Government records in regard to same, up-to-date.

4. The attached report is made without bias or prejudice and is but a cumulative report of complaints made directly to representatives of the Ferguson-Oman Company or my superiors in the Field Audit Department. The references contained in this report are general in their nature but the writer is prepared and willing to, upon request, submit factual evidence to substantiate every allegation therein.

1. RECEIVING AND INSPECTION REPORTS

Receiving and Inspection Reports have from the outset of the project, been so meager as to barely be sufficient for identification of the vehicle or piece of equipment and certainly insufficient in memoranda reflecting inspection. This was especially costly at the outset of the project when shoddy equipment was received and accepted without proper inspection, the Government being at that time without inspectors and bound by information furnished by the contractors.

Certain equipment consisting of office machines, engineer's instruments, machine saws, pumps, etc., some purchased outright, were received through channels other than was proper, and the Tool and Equipment section completely ignored insofar as receiving reports thereon were concerned. There is today

on the project certain equipment which should be carried on the records of this department, but in the absence of a notification as to its whereabouts or status these records cannot be set up. Certain equipment has been received, set up on record, and reported as rental equipment, when in numerous instances, information was obtained at a later date that same was purchased outright.

The office of Mr. John Taylor has in several instances refused to accept equipment not under rental agreement and the other division of the contractor's Property Section has failed or neglected to submit reports to this office when receipt was made by them.

II. EVALUATION OF EQUIPMENT

At the outset of the writer's employment, the Lessor's proposed evaluation on rental equipment was often times never submitted for approval to the proper Government Authorities until from two weeks to two months after same had been received and placed in operation. Under the contract, as well as regulations, the terms of each being known as to the representatives of Ferguson-Oman Company, the Lessor's evaluations, if not changed within 10 days after the equipment began operation, stood as final. Under these circumstances it was impossible to do other than take the evaluations as submitted by the office of Mr. John Ralls, of the Ferguson-Oman Company, or demand that equipment remain idle until same were received. Repeated requests have been made, and even to the present date have to be made, in order to procure these evaluations which often times are changed after being submitted. This procedure has kept the records of this department in arrears from two weeks to two months on over 50% of the equipment on the project. This condition is especially applicable to contractor-owned equipment.

The evaluation sheets, when submitted, have in instances too numerous to specifically mention, improperly described the equipment inaccurately given dates as to models, new costs, etc. This resulted in records having to be changed, calculations modified, and unnecessarily increased the work of this department 20% in checking, investigation, and changing records.

III. CONTRACTS

In view of the fact that the contract between the Lessor and the Lessee is the final agreement and hence the source of the only information sufficiently reliable enough to set up information records, it was, and is, necessary that same be executed as quickly as possible and placed in our hands. There has been an utter lack of cooperation on the part of the contractor in providing these contracts which in most instances have been executed from three weeks to three months after the equipment was placed in operation, and in practically every instance, same were returned from the Zone Office because they were incomplete in one respect or another.

Certain equipment was transferred to this project for re-rental, and the contracts on same were not executed for over two months after its arrival and rental commencement date. Repeated requests have been made to expedite the submission of these contracts, as well as additional schedules for after-acquired property, which requests have been amiable received, but completely ignored. The attitude of the Ferguson-Oman Representatives who have charge of procuring the execution of rental contracts has been so lax that it was impossible for this section to provide the Field Auditor's office of Zone Headquarters, an up-to-date report from the outset of the project to date. It has been their further attitude of treating these contracts as if they were but a memorandum for the use of the parties concerned, in total disregard of their solemnity as a legally binding instrument. The evaluation of property set out in the contracts have, in certain instances, varied from these approved by the Chief Tool And Equipment Inspector for the Government.

The delay in procuring these contracts has meant that the Government had to retain equipment covered therein because too much time had elapsed since same was set in operation to repudiate the agreement.

IV. LIENS

Approximately 25% of the equipment under rental agreement now in use on the project is subject to liens, some of which are for an amount, not only in excess of 70%, but in some instances 100% of their present value. This information was

not given in time to invoke the Government regulation of 70%. As a result of these numerous incumbrances, disputes have arisen between the contractor and lien holders, as well as in an increased amount of audit work and investigation necessary to effect payment to the proper parties. No verified statement as to liens has ever been submitted.

V. BILLS OF LADING

It was only after repeated efforts, requests, and refusals to verify rental rolls, that the contractor did submit Bills of Lading, then only photostatic copies, the only authorized means by which the commencement of rental dates on the respective units could be verified. It was approximately 1½ months after the writer began work on February 18, that any Bill of Lading was ever submitted to this department. This condition has, in a measure, been alleviated, but in no measure, completely satisfactory.

VI. REPORTS ON PARTS AND REPLACEMENTS

Request after request has been made of the contractor to provide reports on parts and replacements on the respective units since the outset of the project, but to date the only report received is that for the month of April. As a result, there is not a complete record in the Field Auditor's office of the parts, or replacement costs in any single one of approximately 1600 units in operation.

VII. OPERATION REPORTS ON TRUCKS, PASSENGER CARS, ETC.

Repeated requests have been made of the contractor to provide operation reports on trucks, station wagons, passenger cars, and pickups, but none to date have been correctly submitted, which would, in any measure serve to provide a basis for the records of time on the respective units.

VIII. TRANSFER AND RELEASE OF EQUIPMENT

A review of the records of equipment which has been dismissed or transferred to other projects reflects that an unreasonable amount of time has elapsed between the last day same was used and the Bill of Lading evidencing its return or transfer. A directive to the contractor to prepare equipment for shipment has not been properly executed, and as a result, it was necessary to pay additional rent on equipment sitting idle.

Example: Approximately six weeks ago, the contractor was directed to release a large Davy air Compressor belonging to the Oman Construction Company. This compressor has a work record of only eight hours for a period of two and one-half months, and has not been released to date.

Two rooter plows were ordered transferred to another contonement after an advisal by the contractor that same could be spared. Approximately two weeks after this directive they were shipped but without consulting this department were stopped enroute and returned. This means one month's rental without any use.

An elevating grader after being on the premises for over a month without working was ordered dismissed. Instead of dismissing same, it was put in operation, but after working one week, has remained idle. This is the property of Couch Construction Company, a partnership.

IX. RENTAL ROLLS

The first rental rolls to be presented for verification were extremely inaccurate and necessitating minute auditing, checking, and numerous requests for changes before same could be passed for payment. These rolls were presented from one month to two months after their due date. In deference to the department handling same for the contractor, this trouble has to a great extent, been alleviated and delay in the presentation of rental rolls was occasioned by the inability to obtain the necessary requisites in the way of records information and contracts to prepare same. For the last two months the contractor has been compelled to use the time reports obtained by the Government Checkers as the basis for its rental rolls, which reports could have been as easily, if not more so, converted into a Field Auditor's rental roll at a decided saving in expense by avoiding a duplication of records and maintenance hereof.

X. IN GENERAL

The contractors' Auditing Department has, on numerous occasions, requested that the contractors' rental roll be given precedence over that of third parties.

No bid or notice of the letting of contracts or requests for bids has ever been submitted to this office. No substantial data as to the value of any piece of equipment has ever been submitted.

The writer, for the investigative purpose, has, on occasion, without any mechanical knowledge of certain types of equipment, pretended refusal to allow certain proposed evaluations for the reason that same were too high and as a result, has been successful in having numerous reductions made. This can only lead to the assumption that such equipment was not acquired on bid but by collaboration with a Lessor to obtain as high evaluation as possible.

Representatives in the Contractor Procurement Division have not only neglected, but refused to adhere to instructions given to them under Zone Division letters pertaining to handling of rental equipment.

Our records are replete with a consistent showing of breakdown and idle time for numerous units, for periods of from one month to three months in duration. This means that rental is being paid on equipment rented on a 24 hour per day basis, with a production of nothing.

Requests have been made for reports on equipment which has been procured exclusively for the new project, but these requests have met with the usual response—a maximum of no information.

Repeated requests have been made for information concerning accidents wherein units were damaged or completely wrecked, but a promise of an investigation has been the only result. Approximately three weeks ago the writer received a report of the happening of one bad accident involving a pickup driven by Grady Walker. The police department, the truck dispatcher, John Taylor and Safety Department all promised aid but none to date has been received. The writer also received a report that a timekeeper by the name of Elrod had an accident down town (without authority) while under the influence of intoxicants. Mr. Qualy, his superior, was given this information and in turn reported that it was his information that the man was not drunk at the time but did drink some beer afterwards to soothe his nerves.

XI.

The conduct of the contractor and its representatives as hereinabove set out has made it impossible for the writer to properly keep the records required by the Government and necessary to give up-to-date and accurate reports involving the department. The conduct has further necessitated that his work extend not only to that of auditing, but a resort to legal experience, investigation and the closest of scrutiny to the methods, records, and reports used and submitted, by the contractor. In short, his time and attention is so occupied in the procurement of correct information that it is impossible to give to his own department the time and attention necessary.

EXHIBIT No. 174

Mr. Bouck: It seems that it is my duty to inform you as to the facts regarding the employment of Mr. Pace, now working for Ferguson-Oman Company.

Mr. Pace worked for Taylor-Hale and was their salesman and key parts man at their Graball warehouse. I worked with Mr. Pace in ordering and getting part orders regarding parts that Taylor-Hale sold for Equipment on the area.

One morning Mr. Pace informed us that he was fired, because they (Taylor-Hale) was not selling enough parts to warrant his employ and they must cut down expenses and when the job was over they would hire him again.

Immediately steps were taken by Ferguson-Oman to employ Mr. Pace on a salary basis. What salary he is receiving, I do not know, but in regards to the kind of work and amount of work Mr. Pace does now, isn't any different than when he was on Taylor-Hale payroll.

When I refer to certain orders or ask if Taylor-Hale have certain parts, his reply is "No, we (Taylor-Hale) do not have so and so, or "Yes, *we* do carry that part."

I canceled an order for rollers and bushings for No. 504. Mr. Pace reply to the cancelation was, "You can't do that *we* have already wired for the parts and *we* sure don't want to get stuck with them."

Also Mr. Pace and Mr. Oman, Spt. of Heavy Equipment, sleep in quarters furnished by Taylor-Hale and, of course, Mr. Pace sees to it that Taylor-Hale gets all the business that can be obtained from Ferguson-Oman Company.

CLIFFORD JESSUP,
U. S. Inspector.

EXHIBIT No. 175

MAY 29, 1941.

To: Mr. A. W. Bouck.

From: H. F. Stanfiel.

Subject: Conversation with Greig Oman at 3:30 P. M. in regards to #300 shovel.

"I ask Mr. Oman not to put any more new parts on #300 shovel until the trouble was straight. He said he would do as he damned pleased. He said he was running this part of the job and would not let a lot of squirts tell him what to do. He said that as far as he was concerned that all of the C. Q. M. was a lot of squirts.

"I told him that I had told all Government inspectors not to O. K. any new parts for this shovel until further notice. Mr. Oman said that all of the Government inspectors could not have any thing to do with what he spent for parts or labor. He said that they do not mean a damn thing to this job. He said to give it to him writing.

"At 5:00 P. M. I returned to the heavy equipment barn with a letter from Mr. A. W. Bouck to Capt. Carrollton, approved by Mr. T. D. Thomas. This letter was given to Mr. Oman by Mr. Williams. He read it but crumbled it up and said that these people did not mean a damn thing to him that he was going to run this job like he pleased, and that he took no orders from the C. Q. M. With this I left."

The trouble in regards with this shovel was as follows:

This machine was taken out of the field while working to get a complete overhaul. This will prove that this machine was worn out when it came to the job site. This machine could not have worn out in the short time that it was here.

(Signed) HARRY F. STANFIEL,
Senior Equipment & Tool Inspector.

EXHIBIT No. 176

WAR DEPARTMENT,
WOLF CREEK ORDNANCE PLANT,
Milan, Tennessee, May 29, 1941.

Subject: Dismissal of USWC No. 300, Diesel Lorrain Shovel, Serial No. 4H8095SF.
To: Captain Carlton, Executive Officer.

1. Recommendation of immediate release of equipment USWC No. 300 to the owner is requested.

2. This machine shows slightly in excess of 1000 actual working hours on the project.

3. At the present time the unit is disassembled at the heavy equipment garage and estimates on repairs, replacements, and labor will approximate \$2,000.00.

4. Under the above circumstances, it appears reasonable to believe that the shovel was not in sound and economical working condition when brought to the work site.

5. Repair parts and replacements have been ordered for this unit but awaiting your approval of this recommendation, we have instructed the Superintendent of the Ferguson-Oman heavy equipment garage to cease all mechanical operation thereto.

6. Upon your approval of this action, used parts removed from the unit will be replaced and in compliance with the terms of the contract, the shovel will be returned to the owner "Less reasonable wear and tear."

ANTHONY W. BOUCK,
Chief Equipment and Tool Inspector.

Approved:

Field Auditor.

EXHIBIT No. 177

WAR DEPARTMENT,
OFFICE OF THE CONSTRUCTING QUARTERMASTER,
WOLF CREEK ORDNANCE PLANT,
Milan, Tenn., May 31, 1941.

Memorandum to: Chief Equipment and Tool Inspector, Wolf Creek Ordnance Plant, Milan, Tennessee.

1. These instructions are issued in connection with your report on Diesel Lorrain Shovel, USWC No. 300, Serial No. 4H8095SF.

2. Due to the circumstances surrounding the rental agreement on this shovel and the information contained in your report, you are directed to approve the repair of this shovel in the following manner: place the shovel in workable condition by replacing all of the used parts which are not completely worn out and using such new parts as are absolutely necessary. When this is accomplished you will make an additional report to me with a view to releasing this piece of equipment.

3. You are directed to use every means at your command to check all rented equipment with a view to keeping it in proper repair in order that this project may not be held up due to a lack of machinery or equipment and at the same time protect the Government by refusing to permit unnecessary repairs.

4. The Master Mechanic working for the general contractor has complete charge of his shop tools and personnel, but you, as Chief Equipment and Tool Inspector, are representative of the United States and have full authority to inspect any records, tools, or equipment in connection with the repair shop. You have authority to recommend to the Constructing Quartermaster the removal of any person or persons connected with the equipment and tool repair shop who, in your opinion, are inefficient or are conducting their work in opposition to the benefit of the United States. No repairs will be made to any equipment rented on this project and no supplies will be purchased or ordered for the repair of tools and equipment on this project without first having your approval.

5. You are directed to cooperate with all personnel of the contractor and subcontractors and they in turn are required to accept your recommendations and directions as representative of the United States.

(Signed) PAUL M. BREWER,
Major, Quartermaster Corps,
Constructing Quartermaster.

Copy to Contractor and Master Mechanic.

EXHIBIT No. 178

JUNE 17, 1941.

To: A. W. Bouck.
From: H. F. Stanfiel.
Subject: No transportation records.

Ferguson Oman has been told to keep some kind of a record on light equipment but they have refused to do it.

There has not been any kind of a record on the small equipment. The pick ups, station wagons and cars have not been accounted for as to hours they work. In fact I don't even know that they are all here. Since there is not a check on them they could be most any place. But any time you want to find some of them you will find plenty in all of the towns around here. These trucks should stay on the reservation when not working. Then some one could use them for an eight hour shift.

The key man in each dept. should have his car or other transportation in case he has to come out at night, but not let everyone have their truck. The government are not buying these trucks for the employees to go joy riding. They are to be used for the work.

The general attitude of the foremans in the transportation and equipment dept. are that they are going to run this job the way they want it run.

The same trouble exist at the truck lot where we have three checkers. There is no cooperation with our men to let them get records on heavy trucks.

(Signed) H. F. STANFIEL,
Senior Equipment Inspector.

EXHIBIT No. 179

JUNE 17, 1941.

To: Mr. A. W. Bouck.
From: H. F. Stanfiel.
Subject: Destruction of property.

Mr. Grady Walker had a bad wreck with his pick-up on the reservation. Mr. L. E. Pirtle, Mr. Clif Jessup and myself called on Grady Walker to ask him about this wreck. He refused to talk about it. He said that John T. Taylor and Ralph Kirby told him that it was not any of our business how he had that wreck.

There was another wreck in town where a pick-up ran into a taxi cab, Mr. Ellis and myself tried to find out about it but they would not tell anything about it. Later we found that the driver was drinking, but when we called Mr. Qualey he said that the driver did take a couple bottles of beer because his nerves were torn up so he had to settle them.

When anything happens that will cost money to fix. We can not get any information about it. The general attitude of the foremans are that they will not help the C. Q. M. in any way. When we go to any foreman for anything they say they have their instructions not to let us see their files.

Truck 2274 came in to the shop with the rear end and the transmission completely worn out. This truck has only 9,000 miles on it. Everything in a Rear end can not wear out in this short of time. But there was not a thing that was not worn out. From the way things are going and the instructions that the foremans are getting in regards to this equipment the fact that there must have been some kind of abrasive in the oil.

I recommend that the C. Q. M. leaves Mr. Pirtle out to the light equipment garage in complete charge and let him be responsible for the repairs and take all responsibility away from Mr. Maxwell. If it is not done we will stay in the dark, as far as records are concerned and we will not have a control over the unnecessary parts and repairs that are bought that we don't know anything about.

(Signed) HARRY F. STANFIEL,
Senior Equipment Inspector.

EXHIBIT No. 180

3/29/41

REPORT

To: Mr. A. W. Bouck.
From: C. J. Jessup.

Mr. Wright and myself were called to the field to inspect and make parts order for #1105 LaPlant Choat wagon.

Part order was written up and included a new Hyd. Cyl. At this time I asked Mr. Wright to have Cyl. welded but was told the weld would not hold. Old parts were returned to the repair shop and again remarks such as, you can't weld that Cyl, it won't hold, A weld won't hold, Might as well get a new Cyl. were made by Mr. Wright, Mr. Oman & Mr. Pace.

I talked with Mr. Kirby, supt. of welding Dept. and he said he could weld the Cyl. and that it would hold, but please not quote him. If I wanted Cyl. welded just tell him, Mr. Kirby, to weld it and he would.

A new cyl. cost 155.00 but the old part was repaired at a cost of \$20.00.

Other parts ordered from Taylor Hale Co. 3/28/41—Con. P. Order #1522.

EXHIBIT No. 181

3/27/41

REPORT

6/16/41

To: Mr. A. W. Bouck.
From: Clifford J. Jessup.

"EUCLID TRAIL DUMP."

This unit broke a crankshaft. New shaft and parts were ordered. When new bearings were installed in block the shaft would not fit. (reason: undersize bearing). The bearings were returned and another set ordered, same results. At this time the shop foreman, Supt. and salesman for Commins parts said the block was warped. New block \$300.00. I asked them to send said block & crankshaft to a machine shop and have bearings align bored, but was told that could not be done. The block was align bored and bearings fit to shaft at a cost of \$25.00. The unit is working every day. 6/16/41. Also, about the date of 3/27/41 6 valve assem. were needed for USWC 13 at \$45.50 each—\$273.00. This dealer of Commins parts does not exchange valves but sells them outright. I suggested they buy 6 G. M. valves exchange at a cost of \$143.00. 4/1/41. Pumps were ordered exchange from a General Motors Parts dealer.

EXHIBIT No. 182

To: Mr. A. W. BOUCK,
Chief Tools and Equipment Inspector.

Since beginning work at the Wolf Creek Ordnance Plant, I have had the opportunity to see evidence in all cases of Company men being given preference over government men. Since I have worked on two defense jobs prior to this, both for Contractors and War Department, it has been my past experience that War Department employees usually had the last word. All indications here point to the exact opposite. Any suggestion made by War Department employees is accepted, true enough, but never followed.

All indications point to the fact that the Contractor is running the job regardless of anyone else. If there is some question as to the check on some particular piece of equipment, some discrepancy between Government and Contractor's man, the Contractor's man is practically always accepted by the Contractor.

Every indication since the beginning of the job seems to be that all contractor's men are instructed to accept suggestions from Gov. Representatives and then go ahead and do as they originally started to. In other words keep the Gov. fooled as long as possible but never under any circumstances do as the Gov. wants it done. The Contractor seems to have the mistaken idea that they have the government's hands tied. This being the case the whole purpose of Gov. Representatives is defeated. Instead of being checked on, Contractor's men are doing the checking instead, hence the foregoing statement.

All statements made in this letter are opinions of the writer from observations made for the past five months as an employee of the War Department.

ROBERT C. MAGEE.

EXHIBIT No. 183

MEMPHIS TRADES AND LABOR COUNCIL,
Memphis, Tenn., November 24, 1941.

HON. HARRY S. TRUMAN,
*Senator and Chairman of the Senatorial Committee Investigating the Wolf Creek Ordnance Plant at Milan, Tenn.,
Washington, D. C.*

DEAR SENATOR: I would like to make a written statement to be read into the record in regards to labor practices on the Wolf Creek Ordnance Plant.

The labor unions who have jurisdiction on the Wolf Creek Ordnance Plant have at all times conducted themselves in an honorable manner and that there have been no so called rackets and that the Unions are open for investigation by parties concerned. If there were any rackets in the Labor Movement, we would be one of the first to correct it if brought to our attention.

Respectfully yours,

LEV G. LORING,
*President, Memphis Trades and Labor Council,
Coordinator, Wolf Creek Ordnance Plant.*

EXHIBIT No. 184

WOLF CREEK ORDNANCE PLANT

OFFICE OF THE CONSTRUCTING QUARTERMASTER

MARCH 10, 1941.

INTER-OFFICE MEMO

From: T. D. Thomas, Field Auditor.
To: C. G. Atkin, Ferguson-Oman Co.

1. Reference is made to a conference in your office on March 8, 1941.
2. Those present were: Captain J. Horridge, Lieutenant C. H. Bruce, C. G. Atkin, W. A. Walsh, T. D. Thomas.
3. This memorandum is intended to serve the purpose of verifying our agreement pertaining to the method to be followed in dissolving the present unsatisfactory conditions resulting from the state of confusion in your Purchasing Department.

4. All purchase orders dated March 10, 1941, or subsequently, are to commence with the number 1001 and range upward in numerical and chronological order.

5. On and after March 10, 1941, no purchase order number shall bear a prefix or suffix.

6. For the purpose of rendering the numerical order inviolate, each purchase order, commencing with number 1001, is to be pre-numbered, and each purchase order is to receive an accounting, either by being executed, voided, spoiled or cancelled, and all copies are to be preserved.

7. 1000 numbers are to be "blocked" for the purpose of auditing, analyzing and reconciling all purchase orders issued prior to March 10, 1941.

8. Two new copies of each purchase order issued prior to March 10, 1941, shall be furnished to the office of the Field Auditor. The preparation of same to conform to the following provisions:

(a) Numbers shall commence with the number 1 and range upward in numerical order without consideration as to the number appearing on the purchase order which is being copied; but, however, the numbering shall progress in chronological order in accordance with the dating which appears on the purchase order which is being copied. For clarification: If the date of the first purchase order is January 20, and there were 50 purchase orders bearing that date, the first 50 purchase orders typed should be numbered—1, 2, 3, 4, 5, and on to and including 50.

(b) All first copies shall be typed on a color of paper to distinguish them from all second copies. For example: Number 1 may be one copy on blue, and one copy on pink, and so on upward, maintaining the same color arrangement without deviation to any other color.

(c) The use of a prefix or suffix is prohibited.

T. D. THOMAS, *Field Auditor*.

cc: Captain J. Horridge.

EXHIBIT No. 185

MARCH 21, 1941.

From: T. D. Thomas, Field Auditor.

To: Capt. Horridge.

Subject: Imprint of contractual terms on purchase orders.

1. There appears to be some misunderstanding between the contractor and this office in regard to government requirements pertaining to the above subject, in particular relating to discounts and discount periods.

2. It is the opinion of this office that the government is entitled to complete information in connection with any contract which is executed wherein the government is involved in any manner what so ever.

3. The rate of discount and the discount period are definite terms relating to any contract for the purchase of any commodity by execution of a purchase order and therefore, should appear on the face of the purchase order.

4. In order to correct the prevailing condition which results in invoices and related purchase orders being out of agreement, it is respectfully requested that you give this matter consideration, and advise the Contractors and this office pertaining to your decision.

T. D. THOMAS, *Field Auditor*.

EXHIBIT No. 186

Rental Agreements and Contracts for Investigation

<i>Vendors</i>	<i>Contract No.</i>
Denny-Caldwell, Milan, Tennessee	1
Choctaw Culvert, Memphis, Tennessee	4
Taylor-Hale, Memphis, Tennessee	5
Tri-State Equipment Co., Memphis, Tennessee	6
Wilson-Weesner and Wilkinson, Nashville, Tennessee	7
Roy C. Wayne, Louisville, Kentucky	9
Pilkerton and Pilkerton, Nashville, Tennessee	10
Nashville Motors, Nashville, Tennessee	16
Oman Construction Company, Nashville, Tennessee	11
Hooper Construction Company, Montgomery, Alabama	15
Walters and Prater, Morristown, Tennessee	17
Mills Morris Company, Memphis, Tennessee	21
Illinois Central Railroad Co., Chicago, Illinois	25
Hughes Construction Co., Beulah, Mississippi	27
Couch Construction Company, Dothan, Alabama	32
J. B. Michael, Memphis, Tennessee	33
S. T. Cohen, Blytheville, Arkansas	37

EXHIBIT No. 187

MARCH 31, 1941.

Mr. C. G. ATKIN,
Wolf Creek Ordnance Plant, Milan, Tennessee

DEAR SIR: This is your authority to place Mr. Gilbert E. Olson on your payroll as Project Coordinator at a salary of \$750.00 per month.

PAUL M. BREWER,
*Major, Quartermaster Corps,
Constructing Quartermaster.*

EXHIBIT No. 188

WAR DEPARTMENT,
OFFICE OF THE CONSTRUCTING QUARTERMASTER,
WOLF CREEK ORDNANCE PLANT,
Milan, Tennessee, April 14, 1941.

Memorandum to contractors.

(Attention Mr. Atkin or Mr. Panes.)

It is necessary that the Constructing Quartermaster have a Transportation Coordinator for a period not to exceed 2 or 3 weeks. Such a man is needed to do special work on transportation records and to coordinate the activities of the Transportation Department in our office. We have no Civil Service rating to take care of such personnel.

Therefore, it is requested that you place Mr. S. H. Gullledge on the contractors' payroll at a salary of \$125.00 per week with the title of Transportation Coordinator, effective April 13, 1941.

PAUL M. BREWER,
*Major, Quartermaster Corps,
Constructing Quartermaster.*

EXHIBIT No. 189

WAR DEPARTMENT,
OFFICE OF THE CONSTRUCTING QUARTERMASTER,
WOLF CREEK ORDNANCE PLANT,
Milan, Tennessee, April 21, 1941.

Mr. J. P. QUALEY,
Timekeeping Department, Wolf Creek Ordnance Plant

DEAR SIR: This is to certify that Mr. S. H. Gulledge started work at Wolf Creek Ordnance Plant Saturday, April 12, eight A. M., and should be entered on payroll records as of that date.

Very truly yours,

GILBERT E. OLSON,
Gilbert E. Olson, *Project Coordinator.*

EXHIBIT No. 190

WAR DEPARTMENT,
OFFICE OF THE CONSTRUCTING QUARTERMASTER,
WOLF CREEK ORDNANCE PLANT,
Milan, Tennessee, May 9, 1941.

FERGUSON-OMAN COMPANY,
Wolf Creek Ordnance Plant:

Since the services of Mr. S. H. Gulledge are still urgently needed, this is your authority to keep him on the payroll until further notice.

PAUL M. BREWER,
Paul M. Brewer,
*Major, Quartermaster Corps,
Constructing Quartermaster.*

EXHIBIT No. 191

WOLF CREEK ORDNANCE PLANT.
OFFICE OF THE FIELD AUDITOR,
Milan, Tennessee, June 18, 1941.

Subject: Assignment of Field Auditor's Personnel.
To: Gilbert C. Olson.

1. Reference is made to your action today in assigning Mr. Anthony Bouek, Chief Equipment and Tool Inspector, to duty in connection with a trip to Rolla, Missouri.

2. Please be advised to the effect that it is not only appropriate but quite necessary that all assignments of personnel in the Field Auditor's Division must be executed through the office of the Field Auditor.

T. D. THOMAS, *Field Auditor.*

[In blue pencil:] Sent Stanfiel to Rolla, Mo. in just the few minutes I was out of the office. Stanfiel can't get his money.

EXHIBIT No. 192

WAR DEPARTMENT.
OFFICE OF THE CONSTRUCTING QUARTERMASTER,
WOLF CREEK ORDNANCE PLANT,
Milan, Tennessee, April 21, 1941.

Memorandum to Major Atkin:

The bearer of this memorandum is Mr. Wyatt Barbee an ex-service man and former army officer. He has worked in my department at Mineral Wells, Texas and by reason of the knowledge gained there in making completion reports, historical records and weekly progress reports he will be of great value to this project.

INVESTIGATION OF THE NATIONAL DEFENSE PROGRAM 3341

I have no rating appropriate to the work which I require him to do so I am requesting that you place him on your payroll at a salary of \$60.00 per week, but that he be assigned to me so that I can use him to our mutual advantage in checking these reports and compiling the necessary data to insure the correctness of our historical records and completion report.

PAUL M. BREWER,
Paul M. Brewer,
Major, Quartermaster Corps,
Constructing Quartermaster.

EXHIBIT No. 193

WAR DEPARTMENT,
OFFICE OF THE CONSTRUCTING QUARTERMASTER,
WOLF CREEK ORDNANCE PLANT,
Milan, Tennessee, April 24, 1941.

Memorandum to Mr. Miller, Personnel Director.

Through an error the salaries of the Fire and Police Inspectors were set at \$2300.00 each, on my understanding that we were allowed a rating for these places at CAF 6.

It has since been brought to my attention that the rating allowed for these positions is CAF 9 at \$3200.00 per year.

It is desired that you take the necessary action to pay these two men, Mr. Gay A. Earley, Fire Inspector, and Mr. N. B. Hazeltine, Police Inspector, a salary of \$60.00 per week each, effective at the start of their next pay period which I understand will be the 25th. of April.

This salary of \$60.00 per week is not quite \$3200.00 per year, but will be satisfactory and will be easier for the payroll department to figure.

PAUL M. BREWER,
Paul M. Brewer,
Major, Quartermaster Corps,
Constructing Quartermaster.

EXHIBIT No. 194

WOLF CREEK ORDNANCE PLANT,
OFFICE OF THE CONSTRUCTING QUARTERMASTER,
June 24, 1941.

Inter-Office Memo.
From: P. J. Skelly.
To: Mr. Thomas.
Subject: Dillard O. Marshall.

1. Dillard O. Marshall received a temporary appointment as Senior Superintendent of Construction P-5, \$4600.00 per annum, effective April 15, 1941. He was to be separated, effective May 31, 1941, and went on Annual Leave on that date. Before the expiration of his leave this section was informed by the Office of the Constructing Quartermaster that Mr. Marshall was to remain on the payroll. He has never been separated but has been on the payroll continuously since April 15, 1941.

P. J. SKELLY.
P. J. Skelly.

[In pencil:] He serves as an assistant to Lt. Bruce—Purchasing Officer.

EXHIBIT No. 195

JUNE 21, 1941.

Subject: Non-reimbursable Salaries.
To: C. G. Atkin, Project Manager.

1. This office has been unable to obtain necessary information as to the payroll status of certain employees who appear on the payroll of the Ferguson-Oman Company but are presumed to be employed in the interests of the Government.

2. Most noteworthy in this classification is Mr. Gilbert E. Olson regarding whom a communication was directed to the Office of the Constructing Quartermaster under date of June 14, 1941 requesting advice in writing regarding the exact status of Mr. Olson insofar as regards his authority and relations to the Government and the Contractors.

3. The circumstances surrounding the employment of Mr. Olson appear to be most unusual, and you are hereby given notice to the effect that it may be necessary for the Office of the Field Auditor to refuse to approve reimbursement to the Contractor for any funds paid to Mr. Olson, regardless of the nature of the claim.

4. You are further advised to the effect that the Contractors may be liable to the Government for the total amount of all moneys which have been paid to Mr. Olson in the past in connection with the Wolf Creek Ordnance Plant.

5. Other individuals which appear to be in this same category insofar as our investigation indicates up to this time are as follows:

- a. Stephen H. Gullege
- b. Nelson B. Hazeltine
- c. Gay A. Early
- d. Wyatt Barbee

6. It is believed that there are other important instances of this nature, and it is known that there are some minor instances. The Office of the Field Auditor will endeavor to complete its investigation of this condition whereupon a complete schedule will be submitted for your consideration.

7. Your attention is directed to enclosed excerpt from the Manual for the Construction Division, O. Q. M. G.

8. For your further information, please be advised that this office has been informed by Washington to the effect that the MANUAL FOR THE CONSTRUCTION DIVISION, O. Q. M. G. remains in force and is not "in the wastebasket" as was stated in the joint meeting between the members of the Contractors' staff and the members of the Field Auditor's staff, which was held in the Office of the Constructing Quartermaster.

T. D. THOMAS, *Field Auditor.*

cc—Major Brewer.

D. The CQM will not furnish detailed technical supervision or direction of the work, tell the contractors how to do the work, employ or select personnel for the contractors or do work on the project with his own forces.
(Taken from the Manual for the Construction Division, O. Q. M. G.)

EXHIBIT No. 196

WAR DEPARTMENT,
OFFICE OF THE QUARTERMASTER GENERAL,
Washington, June 7, 1941.

In Reply Refer to QM 300.5 C-F (General).

CONSTRUCTION DIVISION LETTER NO. 286

Subject: Additional Functions to be Assumed by Government Personnel at Certain Fixed-Fee Projects.

To: All Zone Constructing Quartermasters.
All Constructing Quartermasters.

1. A change in audit procedure is hereby prescribed for certain Fixed-Fee projects, in the interest of economy and for the improvement of audit administration.

2. The new method, which will transfer a number of functions from the Contractor to the Government staff, is intended primarily for all new Fixed-Fee projects and those which have been recently initiated. The Constructing Quartermaster at each such project, with the assistance of the Field Auditor, will approach the Contractor with a view to having the functions described below assumed by the Government staff wherever possible.

3. The change in operations may also be applied to any other Fixed-Fee project, regardless of the percentage of its completion, where a mutual agreement is reached between the Constructing Quartermaster and the Contractor to have certain functions handled entirely by the Government staff.

4. The same policy will be pursued with respect to Architect-Engineers on a Fixed-Fee basis, and as many of the functions enumerated below as are applicable in their case will be handled by the Government staff.

5. The functions which will be assumed exclusively by Government personnel, under the above-mentioned conditions, are as follows:

- a. All time checking in the field and the preparation of original payrolls.
- b. Inspection and checking of materials received.
- c. Inspection and checking of tools received.
- d. Checking of equipment rentals and preparation of rental rolls.
- e. Auditing in the first instance of vendors' invoices.
- f. Auditing in the first instance of transportation bills.
- g. Such other auditing functions as may be effectively performed by Government employees exclusively.

6. The time checking records compiled by the Government personnel will be verified daily with the time reports compiled by the Contractor's force, and the two records will be brought into agreement. The time checking records will then be used with the originals of other employment records furnished by the Contractor (consisting of assignment slips, change orders and termination slips), for the preparation of payrolls by the Government staff. The records used in this connection will be standardized and specimen forms will be furnished by this office to all projects where the Government staff assumes such functions. The disbursement of the payrolls will be handled by the Contractor as heretofore.

7. The Constructing Quartermaster at each Fixed-Fee project will take immediate steps to carry out the foregoing instructions, and the result of the action taken will be reported to this office.

For the Quartermaster General:

/s/ BREHON SOMERVELL,
Brehon Somervell,
Brigadier General, U. S. A., Assistant.

EXHIBIT No. 197

WOLF CREEK ORDNANCE PLANT,
OFFICE OF THE FIELD AUDITOR,
Milan, Tennessee, May 21, 1941.

INTER-OFFICE MEMO

From: T. D. Thomas, Field Auditor.

To: Maj. Paul M. Brewer, Constructing Quartermaster.

Subject: Commissary Operations.

1. There are transmitted herewith the following items:
 - a. Informal report on Commissary as at April 30, 1941 (3 pages).
 - b. Draft schedule on payrolls (2 pages).
 - c. Draft analysis of payroll distribution (1 page).
 - d. Copy of communication directed to Ferguson-Oman Company by Horwath & Horwath under date of February 19, 1941 (2 pages).
2. In view of the fact that inclosures herewith are preliminary papers for use in the preparation of a finished report, it is requested that they be returned to this office after having served the purpose of furnishing you with advance information.
3. Your attention is invited to the fact that it appears to be the policy of those in management of the Commissary to increase payrolls and other expenses in order to avoid a profit, instead of permitting the benefit to apply to the workers in the Wolf Creek Ordnance Plant in the form of reduced prices.
4. It is suggested that the firm of Horwath & Horwath be required to perform an audit in compliance with the terms proposed in the last sentence of the third paragraph in their letter directed to Ferguson-Oman Company under date of February 19, 1941, copy inclosed. This letter is, in effect, a contract providing it has not been accepted by Ferguson-Oman Company—a matter which we have not been able to verify as yet.

T. D. THOMAS, *Field Auditor.*

WAR DEPARTMENT,
OFFICE OF THE CONSTRUCTING QUARTERMASTER,
WOLF CREEK ORDNANCE PLANT,
Milan, Tennessee, May 20, 1941.

INTER-OFFICE MEMO

From: G. C. Sterling, Chief Commissary Auditor.
To: T. D. Thomas, Field Auditor.
Subject: Report as of April 30, 1941.

The statement of Assets and Liabilities as of April 30, 1941, as prepared by Horwath & Horwath shows a net operating profit of \$696.58 which does not reflect the true condition of the business.

In the Assets is listed an item of Deferred Expenses as follows:

Paint—Commissary	\$8. 15
Counter top repairs—Commissary	15. 13
Plumbing installation—Commissary	561. 60
Salary Mr. Bond 2/6/41 to 4/30/41	830. 16
Travel Expense:	
Mr. O'Keefe	82. 65
Mr. Bond	8. 60
Auditing	136. 70
Auditors Maintenance	121. 05
Auditing fee, including Resident Auditor 3/15/41 to 4/30/41	763. 15
Total	2, 527. 19

The Paint, Counter Repairs and Auditing items amounting to \$159.98 are part of the cost of operating the Commissary and should be spread over the entire period of operation.

The item for Plumbing installation amounting to \$561.60 should be billed to the Government on a separate invoice for payment. See Rule #1404 Manual for Auditors.

Salary of Mr. Bond together with travel expense amounting to \$838.76 should be disallowed. Mr. Bond is carried on the Pay Roll as Assistant Manager in charge of Dormitories. There are no Dormitories in operation and Mr. Bond is employed in the Personnel office of Ferguson-Oman Co.

Travel expenses of Mr. O'Keefe amounting to \$83.65 should be disallowed as he is not on the Pay Roll of the Commissary. A copy of a letter showing Mr. O'Keefe as director of the Commissary at \$75.00 per week, together with his office assistant at a salary of \$40.00 per week is attached to this report. Steps should be taken to collect any salary which above parties have drawn since April 9, 1941 from other departments of Ferguson-Oman Co.

Auditors' Maintenance and Auditors' Fees amounting to \$884.20 should be charged against operating income of the Commissary as of April 30, 1941 as according to the contract with Horwath & Horwath this is a monthly charge, however as the Resident Auditor was on the job setting up the system two weeks before the Commissary opened for business, amounting to approximately \$300.00, a part of the above might be set up as a deferred charge.

SALES AND COST OF SALES

Food: Food costs for the period ending April 30, 1941 are approximately 50% of sales. This ratio while a little high is not excessive, however the Pay Roll amounting to approximately 35% of sales is excessive and should be reduced.

Stands: Cost of materials sold in the stands is approximately 78% of sales. This is excessive and should be reduced materially. Salaries of workers amounting to 14% of sales is not excessive. There seems to be too much knocking down in this department.

Shoes: The Shoe Store sold three pair of shoes during the month of April at a loss of approximately \$19.00 per pair. The department has been closed. The Pay Roll for one week amounted to over \$50.00.

A copy of the Pay Roll for all Departments is attached showing the weekly wages of all employees, some of which are out of all proportion to wages paid to employees on similar jobs in this surrounding territory. I have listed salaries which are in agreement with the going scale.

Steps should be taken at once to divorce the Commissary from other departments of Ferguson-Oman Co. and to see that those employees who are on the

Commissary Pay Roll, but who are doing work in other departments be terminated by the Commissary.

As F. T. O'Keefe, Director and Mary A. Mallard, Office Assistant are not on the Commissary Pay Roll they should be removed immediately. As Mr. T. Puglisi has been caught knocking down from the Commissary he should also be terminated.

As the prices charged are out of all proportion to the service rendered and as there seems to be some collusion among those in charge of the Commissary to keep certain employees on the Pay Roll at wages out of all proportion to the service rendered and work performed, I recommend that Elsa Brand and John Gordon whom I am informed are the Mother-in-law and Brother-in-law respectively of F. T. O'Keefe, and Herman Bergold who is being paid about \$20.00 a week more than his job justifies, be terminated immediately.

As Ferguson-Oman Co. have a contract with Horwath and Horwath which calls for a periodic audit by a staff of Field Auditors it is recommended that they be required to make such an audit at once showing why prices charged are higher than like establishments operated for profit are charging and why Pay Rolls are out of proportion to services rendered.

G. C. STERLING,
G. C. Sterling
Chief Commissary Auditor.

FERGUSON-OMAN COMPANY,
April 9th, 1941.

INTER-DEPARTMENTAL LETTER

PERSONNEL DEPARTMENT—HOUSING AND COMMISSARY SECTION

[Legend: (F) Ferguson-Oman Payroll (Supervisory Payroll). (C) Commissary Payroll.]

Ferguson-Oman Payroll.....	\$370. 00
Commissary Payroll.....	660. 00

Administrative

F. T. O'Keefe, Director.....	\$75. 00
Mary A. Mallard, Office Asst.....	40. 00
	<hr/> \$115. 00

Field Section:

(F) Ed Shramek, Mgr.....	\$40. 00
(F) R. DeCosimo, Whse, Man.....	40. 00
(F) Oscar Brew, Stock Cl.....	30. 00
	<hr/> 110. 00

Accounting Division:

(F) C. E. Thomason, Chief Acct.....	40. 00
(F) H. W. Brunelle, Acct.....	40. 00
(F) Murray Clements, Gen. Cashr.....	35. 00
(F) Virginia Murray, Steno.....	30. 00
	<hr/> 145. 00

Field Stands Division:

(C) John Gordon, Stand. Mgr.....	\$30. 00
(C) T. Puglisi, Stand. Mgr.....	30. 00
(C) H. Lomax, Stand. Opr.....	24. 00
(C) Wm. Haskins, Clerk.....	12. 00
(C) Braxton Dennis, Whse. Man.....	35. 00
(C) Earl Duncan, Clerk.....	17. 50
(C) M. Parramore, Porter.....	10. 00
(C) Hutch, Ernest, Porter.....	10. 00
(C) Springer, O. W., Porter.....	10. 00
(C) Buckley, G. M., Porter.....	10. 00
(C) Howard, Levy, Porter.....	10. 00
	<hr/> 198. 50

Dormitory Division:

(C) Houston Bond.....	69. 18
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Hotel Auditor (Horwath & Horwath:

F. Don Endress Fixed Contract Fee

Commissary Division:

(C) Herman Bergold, Chef	\$50. 00
(C) Seaton, Alfred, Cook	20. 00
(C) Herrity, R. T., Cook	20. 00
(C) Utley, Sidney, Cook	20. 00
(C) Blanton, Gus, Sdweh Man	20. 00
(C) Gross, Arthur, Veg. Man	20. 00
(C) Smith, Ira W., Steam Tbl	20. 00
(C) Miller, A. B., Stock Clk	20. 00
(C) Rhodes, Carl, Dishwasher	10. 00
(C) Rhodes, Edw., Dishwasher	10. 00
(C) Luna, Wm. H., Dishwasher	10. 00
(C) Wright, Gus, Dishwasher	10. 00
(C) Barfield, Brooksie, Cashier	16. 50
(C) McKinney, Dorothy, Cashier	16. 50
(C) Shoe, Dorothy, Cashier	16. 50
(C) Martin, Ruby, Counter Girl	12. 00
(C) Bowers, Annie, Counter Girl	12. 00
(C) Mitchell, Janey, Counter Girl	12. 00
(C) Gilley, Kathleen, Counter Girl	12. 00
(C) Brasher, Ethel, Counter Girl	12. 00
(C) Davidson, Lizzie, Counter Girl	12. 00
(C) Clyce, Flora, Counter Girl	12. 00
(C) Rea, Charlotte, Counter Girl	12. 00
(C) Milford, Bessie, Counter Girl	12. 00
(C) Cole, Cleo, Counter Girl	12. 00
(C) Jones, Kate, Counter Girl	12. 00
(C) Blanton, H., Porter	10. 00
(C) Thomas, J. B., Porter	10. 00
(C) Carter, Velius O., Porter	10. 00
(C) Frame, James, Porter	10. 00
(C) Frame, R. C., Porter	10. 00

Commissary

Name	Title	Wage	Suggest- ed wage	
Bond	Asst. Mgr	69. 18	50. 00	
Bergold	Chef	55. 00	35. 00	If the Chef is to do no cooking there is no need for a day manager. If he is to do the cooking only three additional cooks are needed.
Shramek	C. S. Mgr	50. 00	35. 00	
Brew	Nt. Mgr	35. 00	35. 00	
Miller	Storekeeper	25. 00	17. 50	
Seaton	Cook	22. 50	20. 00	Five cooks are too many.
Herrity	do	22. 50	20. 00	
Smith	do	20. 00	20. 00	
Utley	do	22. 50	20. 00	
Allen	do	20. 00	20. 00	Not needed.
Blanton	Sandwichman	22. 50	20. 00	
Gross	Vegetableman	22. 50		
Barfield	Cashier	20. 00	16. 50	
Shoe	do	16. 50	16. 50	
McKinney	do	16. 50	16. 50	
Martin	Counter Girl	12. 00	12. 00	
Bowers	do	12. 00	12. 00	
Mitchell	do	12. 00	12. 00	Thirteen Counter Girls are too many.
Brasher	do	12. 00	12. 00	
Gilley	do	12. 00	12. 00	
Davidson	do	12. 00	12. 00	
Clyce	do	12. 00	12. 00	
Rea	do	12. 00	12. 00	
Milford	do	12. 00	12. 00	
Cole	do	12. 00	12. 00	
Jones	do	12. 00	12. 00	Four dishwashers, three would be sufficient.
Clark	do	12. 00	12. 00	
Rollins	do	12. 00	12. 00	
Rhodes	Dishwasher	11. 00	11. 00	
Rhodes	do	11. 00	11. 00	Four porters, two would be plenty.
Wright	do	11. 00	11. 00	
Luna	do	11. 00	11. 00	
Carter	Porter	11. 00	10. 00	
Frame	do	11. 00	10. 00	
Frame	do	11. 00	10. 00	
Thomas	do	11. 00	10. 00	
Gilbert	Accountant	40. 00	40. 00	
Brand	Gen. Cashier	40. 00	25. 00	
Murray	Steno	30. 00	30. 00	

The present staff is sufficient for a place of much greater capacity.

Stands

Name	Title	Wage	Sug- gested wage	Name	Title	Wage	Sug- gested wage
Brunelle.....	Supervision...	45.00	35.00	Fankel.....	Stand.....	15.00	17.50
DeCosimo.....	Warehouse...	40.00	35.00	Alexander.....	do.....	15.00	17.50
Dennis.....	do.....	35.00	35.00	Springer.....	Porter.....	10.00	10.00
Gordon.....	Stand.....	30.00	17.50	Howard.....	do.....	10.00	10.00
Lomax.....	do.....	30.00	17.50	Elder.....	do.....	10.00	10.00
Haskins.....	do.....	15.00	17.50	Davis.....	do.....	10.00	10.00
Parramore.....	do.....	15.00	17.50	Thackery.....	Stand.....	15.00	17.50
Blanton.....	do.....	17.50	17.50	White.....	do.....	12.00	17.50
Williams.....	do.....	15.00	17.50	Puglisi.....	Route Man...	30.00	20.00

EXHIBIT No. 198

OMAN CONSTRUCTION COMPANY,
Nashville, Tenn., April 23, 1941.
Major P. M. BREWER,
Constructing Quartermaster, Wolf Creek Ordnance Plant,
Milan, Tennessee.

DEAR SIR: Confirming our understanding of this date on rentals and repairs of equipment owned by Oman Construction Company and rented to Ferguson-Oman Company for use on the Wolf Creek Ordnance Plant, it is our understanding that all repairs are to be paid for by the Ferguson-Oman Company as a reimbursable cost to the job and no rentals shall be deducted for any repairs made in the field.

This is our interpretation of Section 2 under the heading "Rental for Contractor's Equipment", as shown on page 7 of Contract W 7011 qm-2.

Very truly yours,

OMAN CONSTRUCTION COMPANY.
STIRTON OMAN.
Stirton Oman.

Approved: Paul M. Brewer, Major Q. M. C., Constructing Quartermaster.

EXHIBIT No. 199

JULY 9, 1941.

Subject: Timekeeping.
To: Capt. Glen E. Hofto, Constructing Quartermaster.

1. There is a discrepancy between the working-time of shovel operators in comparison with the rental-hours of the equipment upon which they were working. Listed below is a comparative schedule between time that the shovel machines operated and wages that the shovel operators received during the identical period of June 28, 1941, which was Saturday, on which premium time (\$3.00 per hour) was paid:

Number of shovel	Hours worked	Hours parked	Repair shop or idle
300.....	24		
301.....	8		16
302.....	24		
303.....	16	8	
304.....	10	14	
305.....	20	4	
306.....	24		
307.....	12	12	
308.....	16	8	
Total.....	154	46	16

<i>Badge No.</i>	<i>Hours Paid</i>	<i>Badge No.</i>	<i>Hours Paid</i>	<i>Badge No.</i>	<i>Hours Paid</i>
9801-----	8	9817-----	8	9834-----	8
9805-----	8	9822-----	8	9835-----	8
9806-----	8	9823-----	8	9836-----	8
9807-----	8	9824-----	8	9837-----	8
9808-----	8	9825-----	8	9838-----	8
9809-----	8	9827-----	8	9839-----	8
9810-----	8	9828-----	8	9841-----	8
9811-----	8	9829-----	8	9843-----	8
9812-----	8	9830-----	8	9844-----	8
9814-----	8	9832-----	8	9846-----	8
9816-----	11	9833-----	8	9849-----	8
				9852-----	8
	<u>91</u>		<u>88</u>		<u>96</u>
				Total-----	275

2. Similarly, crane equipment has not worked as many hours as the operators assigned to them. A list follows, showing the obvious discrepancies:

Number of crane	Hours worked	Hours parked	Repair shop or idle
400-----	8	16	-----
401-----	8	16	-----
402-----	8	16	-----
403-----	8	16	-----
405-----	8	16	-----
406-----	8	16	-----
408-----	8	16	-----
Total-----	56	112	00

<i>Badge No.</i>	<i>Hours Paid</i>	<i>Badge No.</i>	<i>Hours Paid</i>	<i>Badge No.</i>	<i>Hours Paid</i>
8901-----	8	8910-----	8	8924-----	8
8903-----	8	8912-----	8	8925-----	8
8904-----	8	8918-----	8	8926-----	8
8906-----	8	8919-----	11	8927-----	8
8907-----	8	8920-----	8	8928-----	8
8908-----	8	8921-----	8	8929-----	8
8909-----	8	8922-----	8	8930-----	8
				8933-----	8
	<u>56</u>		<u>59</u>		<u>64</u>
				Total-----	179

3. The time on equipment is reflected in the records of Mr. Anthony W. Bouck, Chief Equipment and Tool Inspector. The time on labor is reflected in the records of Mr. Leo Helzel, Chief Time Inspector.

T. D. THOMAS, *Field Auditor.*

EXHIBIT No. 200

WAR DEPARTMENT

OFFICE OF THE CONSTRUCTING QUARTERMASTER

WOLF CREEK ORDNANCE PLANT

MILAN, TENNESSEE

Service record on five Euclids, rental agreement #15, March 27, 1941 to July 19, 1941

Recapture: \$9,450.00 ea.

Monthly Rental: \$840.00 ea.

Transferred to Memphis, C. Q. M.

USWC No.	Hours			Cost		
	Total rental paid	Worked	Idle	Total	Repairs and replacements	Rental
1221	2,712	1,416	1,296	4,154.63	{ \$200.20 790.43 }	3,164.00
1222	2,712	1,394	1,318	3,769.83	{ 114.55 491.28 }	3,164.00
1223	2,712	1,316	1,396	4,086.45	{ 283.36 639.09 }	3,164.00
1224	2,712	1,442	1,270	3,944.33	{ 193.99 586.34 }	3,164.00
1225	2,712	1,050	1,662	4,644.78	{ 584.23 896.55 }	3,164.00
Totals	13,560	6,618	16,942	20,600.02	4,780.02	15,820.00

¹ The footnote is:

USWC	Total	Broken down	Idle
1221	1,296	332	964
1222	1,318	304	1,014
1223	1,396	476	920
1224	1,270	176	1,094
1225	1,662	852	810
Totals	6,942	2,140	4,802

These are actual figures taken from records in the Tool and Equipment Section.

J. F. McCARTHY,

Supervising Auditor, Equipment Department

(The following paragraphs were written in pencil:)

Total days in service $115 \times 5 = 575$.

Total cost in rentals, repairs and replacements \$20,600.02.

 \therefore Average rental cost per day \$35.82 per machine, exclusive of gas, oil, grease and operators' wages.

Average cost of repairs and replacements per machine \$956.00.

Cost of repairs and replacements per working hour 72¢.

EXHIBIT No. 201

[Copy]

WAR DEPARTMENT,
OFFICE OF THE CONSTRUCTING QUARTERMASTER,
WOLF CREEK ORDNANCE PLANT,
Milan, Tennessee, June 18, 1941.

CONFIDENTIAL-INFORMAL

Major PAUL M. BREWER,
*Constructing Quartermaster,
Wolf Creek Ordnance Plant, Milan, Tennessee.*

DEAR MAJOR: Under normal national conditions, I would feel it to be my patriotic duty to submit this whole mess to high Government authorities for judgment and, if necessary, submit it to still higher authorities, the representatives of the taxpayers and voters.

However, under conditions such as those now prevailing; the necessity for national unity, the necessity for confidence in our Government and Military, the hazards of exposé, the fatal results of internal dissension, the highly nervous state of the average individual; it is apparently mandatory that conditions such as those now existing at the Wolf Creek Ordnance Plant, be tolerated.

Please be assured that I have the highest respect for the authority of the Constructing Quartermaster and the most sincere regard for the Military title which has been earned by the Constructing Quartermaster; nevertheless, it is incumbent upon me to express the fact that I am quite out of accord with some of the policies of the office of the Constructing Quartermaster, furthermore, the office of the Field Auditor is outraged and confounded at the antagonistic attitude, questionable intent, disrespect for the Military, and defiant conduct exhibited by the Contractors at the Wolf Creek Ordnance Plant.

Under the circumstances recited above, it would seem advisable that I should be quietly disposed of in some sensible manner. May I, therefore, have your cooperation in connection with a transfer to another station or a promotion or a "kick upstairs" or a voluntary resignation or something. A formal request will follow, but may I, in the interim, please have your reaction.

If the Secretary of War promised to make a general of me as a reward, I would refuse to tolerate such affronts from a group who are enjoying in a very generous measure, and should be proportionately appreciating, the benefits of a free country such as is ours.

For the purpose of having no misunderstanding regarding the position of the present Field Auditor, I have other communications which will be officially submitted for your consideration before taking my departure.

/s/ T. D. Thomas
T. D. THOMAS,
Field Auditor.

EXHIBIT No. 202

JUNE 20, 1941.

Subject: Requests For Transfer.

To: Major Paul M. Brewer, Constructing Quartermaster.

1. There are transmitted herewith, for presentation to The Quartermaster General through channels, requests for transfer executed by the following members of the Field Auditor's staff:

- a. W. F. Ackerman, Chief Transportation Inspector.
- b. A. W. Bouck, Chief Equipment and Tool Inspector.
- c. L. B. Helzel, Chief Time Inspector.

In view of the fact that it is hardly fair to ask these men of conscientious scruples in regard to their obligations to the United States Government to continue their efforts in the face of defiant frustration at the Wolf Creek Ordnance Plant, it is my recommendation that these requests be granted.

2. In recognition of the splendid endeavors on the part of these men, it will be appreciated if you will favor them with recommendations to The Quartermaster General in order that they may receive another assignment which may enable them to function in the interests of the Government in a manner proportionate to their high qualifications, loyalty, and patriotism.

T. D. THOMAS, *Field Auditor.*

Attach. 3 (as listed)

EXHIBIT No. 203

WAR DEPARTMENT,
OFFICE OF THE CONSTRUCTING QUARTERMASTER,
WOLF CREEK ORDNANCE PLANT,
Milan, Tennessee, June 20, 1941.

Subject: Progress Report.

To: Mr. T. D. Thomas, Field Auditor.

1. On March 14, 1941 I assumed the position of Chief Time Inspector at the Wolf Creek Ordnance Plant. Upon arrival I was introduced to the situation by Mr. Joseph T. McCarran, then Chief Time Inspector, whom I relieved and whose suggestion was that all I would have to do would be to sit back and let the system operate that had been put into effect by him. The following is the system that prevailed at that time.

a. There was no check of the payrolls for the validity of persons working on the project for the Contractor as to effective date, classification or salaries.

b. The office force was working on the average of two days per week, and the field force working one day per week. It was of strict embarrassment to the members of the office of the Chief Time Inspector to be caught doing nothing, but the situation prevailed where no instructions had been given them as to what they were supposed to do. A portion of my office was working for other parts of the plant.

c. There was no field "spot check" on employment in the field due to the fact that no instructions were ever given to the field men of the office of the Chief Time Inspector to report on their findings in the field, nor any authority to check on employees who were reimbursed by the Government. They simply roamed around the area during the day.

d. The attitude of the Contractor's employees of the Payroll Department and the Timekeeping Department was that the Government had no right to interfere into the operations of the Contractor, and that the Time Department of the Government should be a very passive organization, which had as its purpose the witnessing of payroll checks.

e. Authorized rates for classifications on administrative weekly and hourly basis were in the possession of Mr. L. D. Nowell, Jr., with specific instructions from Mr. Joseph T. McCarran that they were confidential and not to be entrusted to anybody in the department. In an attempt to audit the payroll, I personally had to call at the home of Mr. Nowell and request from him these rates. His wife brought them back to the office. The latter rates are the basis of determining whether the salaries on the payrolls are those approved by the Constructing Quartermaster. No attempt had been made to check the rates that were authorized against the individual employee's tickets because the matter was "so confidential."

2. In an attempt to rectify the situation and produce some decent records for the Finance Officer and for our own files, which records are properly audited and proven true, I met with considerable opposition at the beginning from the Contractor. The purpose was the clarification of the records so that inspection by the proper authorities would reveal the purpose of the payroll and its justification. I had been instructed by you to conduct a very "silent" organization, and, in accordance with same, have "bent over backwards" to satisfy the Contractor in every single attempt at co-operation. I have introduced forms for the protection of the Contractor so that his reimbursement would be insured. It is my personal belief that the Contractor has benefited in receiving his reimbursement for payrolls by the efficient operation of my department.

3. At the present time, the payrolls are audited thoroughly with an adequate spot check on employment in the field, in spite of the fact that our force is limited. Every method of expediting has been used on a pre-audit basis to get the payrolls back to the Contractor in a sufficient amount of time for payment on pay-day, and on the basis of post-audit, a three day period from the desk of the Contractor to that of the Constructing Quartermaster for signature. To date no payroll has been delayed so that the worker in the field or office did not receive his pay check on time.

4. The Paymaster, Mr. Thomas W. Marshall, has always been co-operative in making available any information that we desired, and we have always been available to him for any aid that we might be able to give to him. The Timekeeping Department is responsible for seeing that a correct classification has been assigned to a person working for the Contractor. The Personnel Department makes the original assignment, and it is the duty of the Timekeeping Department to witness the occupational classification of the "man on the job." The office of the Chief

Time Inspector has had to continually advise the Contractor of changes in classifications because titles of salaries did not match with the type of work actually being done by the Contractor. Instead of the office of the Chief Time Inspector being an organization which solely "spot checks" time, it has acted in an advisory capacity to the Contractor in cleaning up "mistitled positions." The value to the Government by this type of an audit has been that thousands of dollars have been saved. The Contractor's Timekeeping Department has never asked advice of the Government in the installation of any system which affected the payrolls which are reimbursed by the Government. In your presence and that of Major Brewer, the office of the Chief Time Inspector, through me, advanced the system of field checking which is capable of saving the Government between \$8,000.00 and \$10,000.00 per week in administrative and convoy costs.

5. With regard to the numerous classifications that the Contractor has employed in order to make available positions, there has been no investigation as requested by Construction Division Letter #75 for the equitable compensation for those persons employed. The Government does not pay its employees on the average 65% as much as the Contractor.

6. It has been the policy of the Construction Division of the Quartermaster Corps to have employed on each project only one \$9000.00 employee on a reimbursable basis. On this project we have three, who are as follows: John McInerney, Sup't of Construction, \$173.04 per week; Gilbert E. Olson, Coordinator, \$173.04 per week; and Guy B. Panéro, Ass't Project Manager, \$173.04 per week. Construction Division Letter #75 requests that Chief of Construction Division, or his representative, shall be informed by the Constructing Quartermaster of salaries being paid to chiefs of the administrative departments, such as Chief Accountant, etc., and their "sub-heads." No such record has ever gone in to the Chief of the Construction Division. Increases in salary in the past on employees with the departments of the Contractor have only needed the approval of the Contractor. In this way, a man earning \$25.00 per week could be raised to \$173.04 per week without any approval of the Constructing Quartermaster or the authorities in Washington.

7. It is important that we do not lose the original objective in this program, i. e., to build the project as efficiently and quickly as possible for the defense of this country. To argue and quibble and discuss and delay is not my purpose, but rather to clarify a situation once and for all as to our position in our attempt to find out certain facts without prejudice or interference from the authorities of the Contractor or the officials of the Constructing Quartermaster. It seems very unlikely that in consideration of the type of work done by my office under my supervision that any antagonistic spirit towards me by the Contractor, in spite of what happened prior to my advent, could be justified, since, in reality, we are protecting the Contractor from the loss of his fixed fee by our advice.

8. No attempt has been made on the part of the Contractor's Timekeeping and Personnel Departments to fully co-operate in any program that would clarify the situation on employment of labor. I am sure that it is not the policy of the Personnel Office to deny the office of the Chief Time Inspector any records. It is just a general situation which exists between two factions, the Ferguson Company and the Oman Company, to make invalid any attempt of the Personnel Office to conduct a sound investigation into the classification titles and needs for same, and the need for the work which is causing a tremendous waste of funds, which funds are reimbursed by the Government.

9. There has been over a 50% turnover in employment of the average of 6000 employed (average between construction commencement and present date). 3169 persons have been dismissed as of this date. From a patriotic viewpoint, it might be well to understand why some of the dismissals have been brought into effect on a job that has one year to run before completion. The Personnel Department can only hire people and fire people as per requisition and directive. The Contractor is neither organized nor strong, because the Contractor, in reality, is a combination of two factions which are continually fighting against one another. How can members of the Field Audit organization be completely blind and deaf to a situation where the Contractors are not organized in their attempt to gain unity under National Defense?

10. Admission has been made to me by certain chiefs of the Contractor's departments that they feel that their jobs are insecure, due to the fact that they never knew which faction to belong to in order that they might hold the job that they were assigned to. No mention is ever made as to the quality of the work that they are supposed to perform, nor the seniority that they have attained by working here.

11. It is not the function of the office of the Chief Time Inspector to delve into the reasons for dismissals which enter into his office for payroll auditing purposes, but on the basis of answering a question, "What is wrong with this project", that the ordinary American citizen might ask, or why certain things exist here that private business would never stand for. The answer is that the contract for construction of this plant was awarded to two individual companies, neither one of them having a sufficient amount of power to counteract the other in its influence, and the result has been chaos for the worker trying to make a living.

12. To be critical in investigating a situation where we have the defense of our country at heart, is not a good policy at this time if the situation could be overlooked. I would much rather not be in the "picture" being an inactive member of the Field Auditor's organization, having limited authority to question the Contractor and Constructing Quartermaster on his timekeeping, payrolls, classifications, rates and wages (as was subtly suggested by Major Brewer this morning). Accordingly, if it is within the best interests of the Government to have this project completed without any audit, or with the type of audit that is definitely passive (which is contrary to the Manual of the Construction Division issued by the Quartermaster General of the United States), I would like to have my transfer made to Fort Meyer, Virginia, for assignment to another post.

LEO B. HELZEL,
Chief Time Inspector.

EXHIBIT No. 204

WAR DEPARTMENT,
OFFICE OF THE CONSTRUCTING QUARTERMASTER,
WOLF CREEK ORDNANCE PLANT,
Milan, Tennessee, June 17, 1941.

Subject: Contractor's Administrative Payroll.
To: Mr. T. D. Thomas, Field Auditor.

1. In an attempt for economical operation of the administration of the project, recommendations were made by the office of The Quartermaster General and the Constructing Quartermaster for reduction in staff.
2. The reduction in staff even applied to the Field Audit Department.
3. Subterfuge has been used by the Personnel Department of the Contractor in placing back on administrative positions some persons who were discharged from the latter and placing them on positions on an hourly payroll. The hourly workers are still doing administrative work and not laborers' and mechanics' work. A list has been furnished you.
4. There has been no attempt on the part of the Personnel Director to be just and fair with reference to the human element involved in dismissals. The exact copy of a letter from the Chief of Construction Division, Quartermaster General Department, is not available at this time. It is a known policy of the Quartermaster's Corps, Construction Division, to refrain from having more than one member of each family working on the Contractor's payroll, especially in positions other than laborers and mechanics.
5. If there were a shortage of administrative help, there would be no question of individual families enjoying salaries which are reimbursed by the Government.
6. Mr. Miller has the following relatives, to my knowledge, on his payroll:
Mr. Howard Miller (brother) #90664, Chief Dispatcher, \$60.00 per week.
Mrs. Howard Miller (Edith McPhail), sister-in-law, #91981, Sr. Stenographer, \$35.00 per week.
Mr. Oscar Frederick Mueller (uncle) #4, Brickmason Strawboss, \$1.75 per hour.
- In consideration of the fact that the "non-favored" were released, regardless of merit or seniority, there is some question of the integrity of the Personnel Director.
7. The Camp Blanding project, which is now under Senate investigation and notorious for its excessive administrative costs, was supervised by Mr. Miller as Personnel Director.
8. The following is a partial list of husbands and wives working on the project. Due to the lack of time and the use of subterfuge by assumed names of either of the spouse, a complete list cannot be furnished at this time. It is definitely assured that there are many more cases where the same situation exists.

Mr. D. N. Begbie, #91144, Area Timekeeper.....	\$60.00 per week
Mrs. Madeline Begbie, #98481, Sr. Stenographer.....	35.00 " "
Mr. Ellis Morgan, #90811, Accountant.....	60.00 per week
Mrs. Ellis Morgan (Frances Hays), #91248, Payroll Clerk.....	35.00 " "
Mr. Dennis Hayden, #90775, Accountant (Purch. Dept.).....	55.00 per week
Mrs. Dennis Hayden (Martha), #90744, Clerk (Purch. Dept.)..	30.00 " "

9. It has been the policy of Brigadier General Somervell, Chief of Construction Division, Quartermaster Corps, not to have the Contractor employ persons on Army and Navy projects who have resigned their positions in the Government to secure same. Messrs. Joseph P. Qualey and Joseph T. McCarran were formerly employed by the office of the Quartermaster General, Accounts Branch, Construction Division, as Chief Time Inspectors and resigned same to secure positions at this plant. Mr. McCarran's salary was formerly \$3,500.00 per annum with the Government. His salary now is \$100.00 per week. His wife earns \$35.00 per week, under the assumed name of Selma Schultze. Mr. Joseph P. Qualey was formerly employed as Chief Time Inspector at \$2,900.00 per annum. Mr. Qualey's salary is now \$90.00 per week, and his wife receives \$35.00 per week. Mr. Miller orally agreed to release Mrs. Schultze and you personally heard the telephonic conversation. Mrs. Schultze is now working in the Property Section with her husband, Mr. McCarran.

10. It is the opinion of the Chief Time Inspector that the award for having "played ball" with the Contractor while in the services of the Government is to secure an overbearing salary with the latter and a position for his spouse. These funds, however, are reimbursed by the Government, who inevitably loses out because of this situation.

11. As Chief Time Inspector I find that Mr. Qualey is not sufficiently competent to hold the position which warrants that salary, and it has been both your observation and mine that Mr. McCarran is likewise undeserving.

12. Please find enclosed reports on the falsification of time that Mr. Qualey okayed for payment by the Contractor, which in turn is reimbursed by the Government. Mr. Qualey's answer in permitting reimbursement for hours not actually worked by his "friends" has been that he was not aware of any ruling which prohibits same. Due to the limited type of audit that the Chief Time Inspector's office has and the type of personality involved where trust cannot be imparted to the time division of the Contractor, it is impossible for the Chief Time Inspector to feel that he can block every attempt on falsification of wages.

13. Your co-operation will be appreciated in presenting the facts to Major Hunt, Inspector General's office.

LEO B. HELZEL,
Chief Time Inspector.

Enclosures: (1) Reports.

REPORT #132

Complaint submitted: May 6, 1941.

Submitted by: T. E. Simmons.

Time: 10:30 a. m.

Location: Whitthorne Time Gate.

Remarks: #91591 (Mr. Marshall Miller)—Area Timekeeper, Ferguson-Oman Co., Salary \$50.00 per week. Mr. Miller (#91591) was absent on 4/28/41, 5/1/41 and 5/2/41. His time was approved on 4/28/41 by Mr. Qualey, Head Timekeeper for Ferguson-Oman Co., and Mr. D. Begbie, Area Supervisor. Time was approved for 5/1/41 by Mr. Begbie and on 5/2/41 by Mr. Begbie. On the week ending 5/3/41, Mr. Miller (#91591) was paid his full salary (\$50.00); actual hours worked for the week 4/27/41 to 5/3/41:

Hours worked	16 hours
Hours not worked, but paid for	24 "
Received pay for	40 "

This matter has been fully settled by Mr. Helzel, C. T. I. and Mr. Qualey, Head Timekeeper for Ferguson-Oman Co.

/s/ J. W. McKEEVER,
Report Investigator, C. T. I.

REPORT #133

Complaint Submitted: May 6, 1941.

Submitted by: T. E. Simmons.

Time: 10:00 a. m.

Location: Whitthorne Time Gate.

Remarks: J. V. Tally, #91368, Area Timekeeper for Ferguson-Oman Co., left the job because of ill health, on or before 4/14/41, but received full salary up until 4/26/41 at which time he was officially discharged. However, because of the one week hold-back on the salary of the Contractor's employees, he was entitled to one weeks salary, after leaving the job, but was not entitled to two weeks, without the authorization of the Chief Time Inspector's Office. This man's time was approved by Mr. J. P. Qualey, Head Timekeeper for The Ferguson-Oman Co.

DIS.: This matter was taken up with Mr. J. Qualey, Head Timekeeper for Ferguson-Oman Co., by Mr. L. B. Helzel, C. T. I. There has been a definite decision made regarding the procedure followed in the event of sickness.

/s/ J. W. McKEEVER,
Report Investigator, C. T. I.

REPORT #135

Complaint submitted: May 7, 1941.

Submitted by: Joe Butler, per J. W. M.

Time: 8:00 A. M.

Location: Graball Time Gate.

Remarks: Mr. Albert R. Pierce (#90399), Section Time Keeper for Ferguson-Oman Company, salary \$50.00 or \$60.00 per week. Following is a record of time Mr. Pierce was paid for, for which he did not work. This occurred on the week from 4/6/41 to 4/12/41.

Daily cards

Date	A. M.	P. M.	No. Hours	Approved
4/7/41.....	8	4:30	8—Sick.....	A. R. Pierce, by B. Gordon.
4/8/41.....	8	4:30	8—Sick.....	A. R. Pierce, by B. Gordon.
4/9/41.....	8	4:30	8—Sick.....	A. R. Pierce, by B. Gordon, J. P. Q.
4/10/41.....	8	4:30	8—Sick.....	A. R. Pierce, B. Gordon.
4/11/41.....	8	4:30	8—Sick.....	A. R. Pierce, B. Gordon.

Weekly cards have pencilled notation "Sick". Initialed by B. G. Investigated by S. J. Hennessey 5/7/41. This matter has been fully settled by Mr. Helzel, C. T. I., and Mr. Qualey, head Time Keeper for Ferguson-Oman Co.

/s/ J. W. McKEEVER,
Report Investigator, C. T. I.

REPORT #136

Complaint submitted May 6, 1941.

Submitted by: Harry Pipkin.

Time: 9:30 A. M.

Location: Ledbetter Time Gate.

Remarks: Mr. A. Patton (91390) Time Keeper for the Ferguson-Oman Co., was off sick on May 6, 1941. His daily time card reads as follows: 8 A. M. to 4:30 P. M. (8 hrs. sick) approved by A. R. Pierce.

Dis.: This matter was taken up by Mr. Helzel and Mr. Qualey. There has been a definite ruling made regarding sickness, and the procedure followed in such cases regarding workers on the administrative payroll.

/s/ J. W. McKEEVER,
Report Investigator, C. T. I.

3356 INVESTIGATION OF THE NATIONAL DEFENSE PROGRAM

EXHIBIT No. 205

JUNE 17, 1941.

Subject: Contractors' employees earning \$5200.00 per annum and over.
 To: Mr. T. D. Thomas, Field Auditor.

1. The following employees of the Ferguson-Oman Company, H. K. Ferguson Company, Procter & Gamble Defense Corporation respectively are drawing salaries of \$5200.00 per annum and over. The above mentioned salaries are reimbursed to the Contractor by the War Department.

FERGUSON-OMAN COMPANY

Badge #	Name	Classification	Salary
			<i>Per week</i>
91557	John McInerney.....	Sup't Construction.....	\$173.04
91725	Duel Wright.....	Sup't Area.....	112.50
91761	Samuel S. Jones.....	Sup't Area.....	100.00
91793	George L. Schmauder.....	Sup't Area.....	100.00
91954	Lee R. Baker.....	Sup't Div'n.....	125.00
91963	Lewis W. Ziegler.....	Sup't Area.....	100.00
91994	Ronald H. Ruddell.....	Sup't G. Ass't.....	138.46
92002	Edward J. Ebbeler.....	Sup't Area.....	100.00
92008	Floyd M. Belleau.....	Sup't Area.....	115.00
92015	Daniel M. Murdock.....	Sup't Area.....	100.00
92018	Harry W. Butts.....	Sup't Area.....	100.00
90794	J. A. Sutherland.....	Sup't Area.....	100.00
90452	Edward Whiteher.....	Purchase Director.....	161.52
90658	W. A. Walsh.....	Chief Acc't.....	103.80
90660	Alfred Johnson.....	Div'n Sup't.....	126.90
90661	A. K. Ferguson.....	Liaison Officer.....	138.46
90662	Oscar E. Miller.....	Pers. Dir't.....	135.00
90665	Quin E. Flowers.....	Purchasing Ass't.....	125.00
90667	Ralph W. Kirby.....	Div'n Sup't.....	125.90
90670	Fredrick C. Smith.....	Chief Auditor.....	100.00
90671	Thomas J. Smith.....	Div'n Sup't.....	115.00
90686	A. L. Foltz.....	Pers. Dir't Ass't.....	100.00
90836	Frank H. Bisping.....	Area Sup't.....	100.00
92027	Andrew B. Ewing Jr.....	Div'n Sup't.....	125.00
90905	Robert H. Godwin.....	Div'n Sup't.....	125.00
90921	R. T. Coble.....	Area Sup't.....	100.00
90986	Aubrey V. Hamilton.....	Area Sup't.....	100.00
90987	Thomas W. Ryan.....	Chief Cost Acc't.....	103.80
91112	J. T. McCarran.....	Property Officer.....	100.00
91251	Wallace Faulk.....	Sup't A. Gen.....	165.00
91256	H. P. Clemmer.....	Med'l Sup'y.....	100.00
91325	George W. Oman.....	Div'n Sup't.....	115.00
91343	George Ratterman.....	Area Sup't.....	100.00
91419	Gilbert E. Olson.....	Co-ordinator.....	173.04
91498	Edwin C. Sheets.....	Div'n Sup't.....	115.00

H. K. FERGUSON COMPANY

98028	James N. Barnes.....	Chief Engineer.....	\$125.00
98084	Guy B. Panero.....	Ass't Prof. Mgr.....	173.07
98100	Herman Wennermer.....	Draftsman Sqd. Ldr.....	110.00
98102	Charles H. Fowler.....	Chief Estimator.....	115.38
98126	Harold T. Baker.....	Chief Engineer.....	150.00
98293	Jacques C. French.....	Chief Engineer.....	125.00
98345	Clarence W. Greene.....	Elect. Engineer.....	105.00
98408	John R. Petter.....	Draftsman Sqd. Ldr.....	100.00
98415	George W. Comber.....	" " " ".....	100.00
98439	Idris V. Jones.....	Res. Engineer.....	100.00
98456	Henry A. Richardson.....	Engineer P. Chief.....	120.00

PROCTER & GAMBLE DEFENSE CORPORATION

			<i>Per mo.</i>
	Robert M. Allman.....	Shift Sup't.....	\$541.67
	Bray, William W.....	Office Mgr.....	750.00
	Coleman, Fred H.....	Consulting Engr.....	1,000.00
	Hall, Thomas E.....	Assoc. Chem. Dir.....	833.33
	Kellogg, Robert H.....	Chief Engr.....	750.00
	Meyer, William C.....	Supervisor of Account.....	512.50
	Ohmer, P.....	Stores & Traffic Mgr.....	480.00
	Pruden, J. E.....	Production Sup't.....	791.66
	Spinanger, Arthur.....	Training Co-ordinator.....	600.00
	Vitz, Alvin.....	Safety Sup't.....	500.00
	Woodward, Morton P.....	Gen'l Mfg. Mgr.....	1,000.00

2. In accordance with Construction Division Letter #75, the Chief of the Construction Division was not notified as to the qualifications, past salaries and earnings and capacities for the above mentioned employees, to the best of knowledge of the Chief Time Inspector. The Procter & Gamble Defense Corporation comes under the supervision of the Ordnance Department and not the Constructing Quartermaster.

LEO B. HELZEL,
Chief Time Inspector.

EXHIBIT No. 206

NOTES TAKEN AT MEETING OF FIELD DIVISION ON MORNING OF JUNE 28, 1941

Mr. HELZEL. This coming week I want you to get away from the timekeeping function altogether and make an inventory in the field—this means each one of you field men. In other words, one man has a certain section, and he finds so many general foremen, so many superintendents, so many strawbosses, so many sub-strawbosses, etc., and a bunch of fellows doing nothing. You are to report on each man separately.

JOE BUTLER. They are running lots of stuff in the ground. Paying Labor Foremen \$1.25 an hour, having 10 men to a Foreman. Then you'll come along and find an Assistant Superintendent making \$65.00 or \$70.00 a week, a Superintendent making \$75.00 to \$115.00 a week, a Concrete Man making \$1.25 per hour, and paying overtime for hours they don't even work because the mixer isn't working—just don't have anything to do. The Timekeeping Department pays some men \$45.00, some men \$35.00, some men \$30.00, the \$30.00 men doing more work than the \$35.00, \$50.00 and \$60.00 men. There are lots of ways this could be cut out if we had the authority to do it.

Mr. HELZEL. How many people would you estimate on hourly basis doing clerical work?

BEN HADDEN. Two or three on every area.

PEARCY. I know of \$1.25 per hour men doing clerical work only.

Mr. HELZEL. Whose fault is it that the situation exists?

PEARCY. I think it's the Personnel Office's fault, or it's possible that the head of the department is at fault.

PIPKIN. I think the fault is higher than that. A bunch of men are always in the pool, but they are hiring men all the time. There are just too many "friends."

PEARCY. There is one man in a Pickup Truck who doesn't do anything but pick up time sheets.

PIPKIN. There are too many Area Supervisors. There is one man working in one booth making \$45.00 and another making \$55.00. Too much difference in pay for the same work.

Mr. HELZEL. What is the reason for the high labor turnover?

PEARCY. There's where the Unions come in. They are doing this for graft.

WARREN. I believe it is just politics. There are more politics here than there is in public office.

PEARCY. Here is an instance of the Union's racket. They took the Porters off of administrative payroll and put them on as laborers. This gives the Union \$8.00 or \$10.00 on each one.

HADDEN. I thought the original intention of the labor pool was to eliminate turnover of hiring and firing.

McKEEVER. On the termination slips how many are fired for cause? You will find there are very few, most of them are fired for lack of work.

Mr. HELZEL. All the people that were laid off on the recent purge are all back on the payroll.

McKEEVER. One man has been fired three or four times and each time he was put back on at higher hourly rate.

HADDEN. The labor turnover is the basis of discontent on this job.

PIPKIN. Nobody knows whether tomorrow he will get fired, so he doesn't care whether he does any work or not.

HADDEN. An iron worker said he paid dues to his Union and got no protection whatever from the Union. As soon as the dues are paid you get fired and somebody else is put on.

BRASWELL. If they will eliminate turning men off and hiring new ones, it will keep the men contented and will cause them to take an interest in their work. Don't fire a man just because work is short—hold him on until he is needed again. I've seen them hire a man who doesn't know a thing about carpentry, and on same day fire about 15 carpenters.

Mr. HELZEL. The Union is so happy about the collection of dues that there hasn't been any strikes here. They are getting their money and they won't call a strike.

BUTLER. Somebody working for the construction company is getting a rake-off on Union dues.

HADDEN. Why does the Union have free run of the plant? They come and go as they please.

Mr. HELZEL. Find out how many men there are on the job working as stewards, being paid by the company and using company time. Tarver, Cook, Clay and Pearcy get me the names of all these men.

BUTLER. They gave Campbell at Transportation a blue slip, sent him to see the Superintendent of Heavy Equipment. Mr. John Taylor held the blue slip up until Mr. Pete could go over to Engineer's Union to get a Union slip so that he could go to the Personnel office and be re-hired. This was all done on company time.

BRASWELL. If a man actually can't do a job right, he should be fired for cause and should not be re-hired at all.

Mr. HELZEL. When a man goes into the pool he should go in with recommendations, otherwise go out of the premises. They should have a pool of men who are determined to be good workmen, to everybody's satisfaction, and no additional hiring. Stop all hiring on requisitions from outside. If the men are not available, then put a requisition through. Every week a foreman should get an individual card to put down his remarks with reference to the man under him. Those cards will be filed with the Personnel Department. Then, if the man is moved to another area and gets a different Foreman, the new Foreman will do the same thing. If he works 10 or 11 weeks and gets one card saying he is a bum worker and ten cards saying he is a good worker, we will know it is the fault of the Superintendent on the job. There should be Governmental control on the hiring of all new men. We should have a man stationed at the Personnel office and the labor pool to check on the hiring of new people.

Mr. HELZEL. The labor relations department should be a Governmental set-up. We should have in each area two Government men, one in the time shack and one in the field. We will have key control by having our time checkers in the field, have regular report form on discharge situation to be made out by our time checker. This will be the basis that the worker might have with reference to discharges.

PEARCY. A bunch of fellows working for \$20.00 and \$30.00 per week on the administrative payroll were discharged and put back to work at very nice increase in salary, rated on hourly basis. Some of them are doing purely clerical work, and some are rated as Labor Foremen.

Capt. KIBLER. We can cure this very easily, by putting it through Lt. Wise's or my office. Put through a recommendation that certain men be discharged and if they are not discharged by the contractor and come through on the next payroll, we will not reimburse them for these salaries and it will come out of the contractor's fixed fee. What we need is a personnel inventory of everybody working.

BUTLER. On Area N there are lots of buildings that the guards won't let us enter. There are 50 to 75 men working in these buildings.

PIPKIN. Since Area N will be closing down, why shouldn't they give a report to Personnel how many men are working on that Area so that they will know what they will have in the pool ahead of time and eliminate hiring new ones?

PIPKIN. I found a cement mixer had not been running all day but the men were standing around and being paid. They had nothing to do, but were told to report.

Mr. HELZEL. I was checking in the field on a Saturday and found three pieces of heavy equipment not in operation but the men were being paid \$1.50 per hour to run the machines and were not doing anything at all. They were getting double time since it was Saturday.

Lt. WISE. The men should ask the Superintendent why machines are not working—sometime there is a good reason why the men are there and the machine is not in operation.

Mr. HELZEL. The Superintendents won't give satisfactory answers to any of these questions.

Lt. WISE. If you approach the Superintendents the right way he will co-operate. If any of them won't co-operate I want to know it. We are not on the job to criticize but to help. We don't want Superintendents on the job who will not co-operate with us.

HADDEN. If they know there are teeth in our department they will co-operate, but if they think our department hasn't any teeth and nothing can be reinforced, they won't co-operate.

Mr. HELZEL. If we can get authority in writing giving the timekeeping department the right to question problems out in the field, it can be worked out.

PIPKIN. I found six or eight plumbers waiting for one common laborer to get a ditch finished. How long are they supposed to wait on this and whose fault is it that they have to wait in the first place? Why don't they hire more laborers and get the ditch finished sooner so the plumbers won't have to wait around so much?

Lt. WISE. On every area there is an officer and a civilian inspector, and if you run into any difficulty you can't handle, go to one of these men and let him approach the Area Superintendent. Take advantage of these officers and inspectors out in the areas as much as possible. They are on duty 24 hours a day. The Chief of Police has the phone numbers of all of them.

EXHIBIT No. 207

WAR DEPARTMENT,
OFFICE OF THE CONSTRUCTING QUARTERMASTER
WOLF CREEK ORDNANCE PLANT,
Milan, Tennessee, July 2, 1941.

Subject: Morale of Contractor's Field Personnel.

To: Mr. T. D. Thomas, Field Auditor.

1. Mr. Patsy Salimbene, Cement Finisher, Ferguson-Oman Company, badge #40905, consulted me on Friday, June 27, 1941, with reference to the just duties of an American citizen.

2. Mr. Salimbene's complaint was that he would rather resign from this job completely than to do the poor type of work he was forced to do under the direction of the Superintendent of Area N. His statement was that the loading platforms, which had cement as their base, were so poorly constructed that he does not want to be connected or associated with this type of construction. The specific complaint was that the cement being used on loading platforms was not properly mixed, and that air pockets had been formed, making the resistance to a loading weight very low.

3. The Chief Time Inspector took Mr. Salimbene over to Mr. McInerney, General Superintendent of Construction for Ferguson-Oman Company, and Mr. McInerney agreed to have Mr. Salimbene re-hired under a new Superintendent Mr. Gustaveson, as Mr. McInerney was well aware of the poor type of work on Area N and acknowledged the fact that Mr. Salimbene's complaint was justified.

4. Mr. Salimbene has promised to come to the office of the Chief Time Inspector without fear and state the new progress in his new position. Mr. Salimbene has stated that he is working here for another few weeks so as to fully and conclusively determine the poor type of construction used at the Wolf Creek Ordnance Plant and the accompanying poor supervision.

5. Mr. Salimbene has offered me sworn affidavit statements with reference to his experience in the masonry business since 1912, a period of approximately 30 years, and his position to judge the type of cement work on the igloos as an expert.

6. In my personal opinion, Mr. Salimbene is interested in the defense of this country, regardless of the fact that he could be well satisfied and receive the hourly rate of pay of \$1.25 per hour plus the accompanying overtime without making this complaint. It will be appreciated if Mr. Salimbene's position of coming to me in a confidential capacity to outline the disturbing conditions in construction will be respected. Sworn statement can be also obtained from Mr. Salimbene as per his request with reference to the conditions on the job.

LEO B. HELZEL,
Chief Time Inspector.

EXHIBIT No. 208 appears in full in the text on p. 3098

EXHIBIT No. 209 appears in full in the text on p. 3098

EXHIBIT No. 210

DENNEY-CALDWELL COMPANY,
Milan, Tennessee, October 8, 1941.

Mr. HUGH A. FULTON,
Chief Counsel, Special Committee Investigating the
National Defense Program,
Washington, D. C.

DEAR SIR: Replying to your letter of October the 3rd, asking for information concerning equipment rented to the government for the Wolf Creek Ordnance Plant. We wish to submit the following.

I. Denney-Caldwell Company was organized July 1, 1916. A partnership consisting of B. G. Denney and R. L. Caldwell as owners with no other stockholders. This company was organized as an automobile dealership selling Ford automobiles and trucks. Continuing their contract with the Ford Motor Company until January 1, 1934. Since that time the dealership has been selling Chevrolet automobiles and trucks in Milan, Tennessee.

II. The following equipment has been leased for use at the Wolf Creek Ordnance Plant

A. 10 1941 Chevrolet 1½ ton, long wheel base, flat bottom trucks.	
50 1941 Chevrolet ½ ton Pick-up trucks.	
1 1941 Chevrolet 1½ ton, long wheel base truck with Holmes wrecker.	
B. 10 1941 Chevrolet 1½ ton, long wheel base, flat bottom trucks @	
\$1322.90 per unit-----	\$13, 229. 00
Rental paid to date-----	12, 986. 65
50 1941 Chevrolet ½ ton Pick-up trucks @ \$683.00 per unit-----	34, 150. 00
Rental paid to date-----	14, 345. 60
1 1941 Chevrolet 1½ ton, long wheel base truck with Holmes	
wrecker-----	2, 448. 25
Rental paid to date-----	1, 225. 25

[In ink:] Total rents to date----- 28, 557. 50

Recapture value----- 49, 827. 25

C. All the above equipment was purchased by us for the express purpose of rental to the government on this project. Cost of equipment as following.

10 1941 Chevrolet 1½ ton, long wheel base, flat bottom trucks @	
\$1064.79 per unit-----	\$10, 647. 90
50 1941 Chevrolet ½ ton Pick-up trucks @ \$528.75 per unit-----	26, 437. 50
1 1941 Chevrolet 1½ ton, long wheel base truck with Holmes	
wrecker-----	1, 830. 62

[In ink:]----- 38, 916. 02

Our actual equity in above equipment at time of lease above any lien, chattel mortgage or other encumbrance as following.

10 1941 Chevrolet 1½ ton, long wheel base, flat bottom trucks---	*Nothing
50 1941 Chevrolet ½ ton Pick-up trucks-----	\$10, 450. 00
1 1941 Chevrolet 1½ ton truck with Holmes wrecker-----	2, 448. 25

[In ink:]----- 12, 898. 25

D. No equipment has been leased which was owned by our company prior to the inception of this project.

III. The following parts and accessories has been sold to the Wolf Creek Ordnance Plant

April-----	\$1, 187. 52
May-----	846. 78
June-----	2, 411. 95
July-----	2, 817. 88
August-----	4, 788. 00
September-----	1, 687. 67
October-----	1, 345. 50

Total----- 15, 085. 30

IV. No member of our organization is connected, associated or affiliated through family relationship, business connections or otherwise with any member of the government or contractor organization engaged on this project.

V. The following former employees of our organization have been employed by the contractor organization on this project.

Dan Harmon—Shop Foreman

Ernest Barksdale—Service Station Attendant

The reason for termination of employment with our company was that they received more money with the contractor organization.

Yours very truly,

DENNEY-CALDWELL Co.
By B. G. DENNEY.
B. G. Denney.

Partner.

EXHIBIT No. 211

[Copy]

WAR DEPARTMENT, OFFICE OF THE CONSTRUCTING
QUARTERMASTER, WOLF CREEK ORDNANCE PLANT
Milan, Tennessee, August 5, 1941.

Subject: Timekeeping and Payroll Preparation.

To: Ferguson-Oman Company, Contractors.

1. Upon the direction of higher authority, the Chief Project Auditor's staff is required to take over the timekeeping and payroll preparation of the Prime Contractor, the Architect-Engineer, and all Fixed-Fee subcontractors on this project.

2. It is anticipated that the Chief Project Auditor's staff will be able to take over this work the week beginning August 24, 1941; however, more definite arrangements will be made at a later date.

3. In the meantime, there are certain phases of the new procedure which will require the immediate attention of someone in your payroll department, timekeeping department, and your Project Manager. We wish to arrange for an immediate conference with your Project Manager and go over the matter with him so that the transition from the present arrangement to the new arrangement will involve the least possible confusion. Please advise if you can take this matter up this afternoon, August 5, 1941.

(Signed) GLEN E. HOFTO,
Glen E. Hofto
Captain, O. M. C.,
Constructing Quartermaster.

EXHIBIT No. 212

Milan, Tennessee, August 6, 1941.

TIMEKEEPING AND PAYROLL PREPARATION

To: Captain Glen E. Hofto, Constructing Quartermaster.

In reply to your letter of August 5 regarding taking over the timekeeping and payroll preparation and further emphasizing the items brought up in conference with you yesterday afternoon, wish to definitely state that we are not in favor of having the CQM take over these functions and request this protest be carried to higher authority.

Construction Division Letter #286 states that the Government will take over payroll and timekeeping functions on all NEW projects. We quote further from that letter:

"The change in operations may also be applied to any other Fixed-Fee project, regardless of the percentage of its completion, where a mutual agreement is reached between the Constructing Quartermaster and the Contractor to have certain functions handled entirely by the Government staff."

This has not been accomplished and we therefore feel it does not apply to this contract.

We believe this order is a direct violation of our contract which specifically provides we are to handle all phases of the work as well as labor relations. When

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the Government takes over the payroll function, they become a party to any payroll disputes and are therefore automatically connected with labor.

A representative of the Inspector General's office was here in the early part of July and at that time this matter was discussed and it was our understanding that as long as we felt we were better able to handle this function, that was all that was necessary.

In our letter of July 3 we specifically mentioned that now when an almost impossible schedule of work was being put on our shoulders, a change as radical as this would delay the job. We have no assurance that it would be possible to obtain proper cost information for the various units under the new system, or costs comparable with the information we are now obtaining.

EXHIBIT No. 213

AUGUST 7, 1941.

To: Lt. B. J. Nickelsen, Ferguson-Oman Company.

Subject: Release of Idle Equipment.

1. Attached hereto find list showing the approximate idle time on various pieces of equipment on this project.¹ If the equipment is used 50% of the time, or more, it should not be released; but, where equipment is used consistently less than 50% of the time, there is a very definite indication that it is not rendering continuous and efficient service as is called for on the rental agreement, and should be released from this project. You will notice on the attached report that there are a great number of pieces that have been idle between 90% and 100% of the time, which reveals very clearly that these should be released *at once*.

2. Please furnish this office immediately with a report either as to why this equipment has been kept on the job and when you intend to release same, or give very definite reasons as to why it should be kept on the job.

GLEN E. HOFTO,
Captain, Quartermaster Corps,
Constructing Quartermaster.

1 Incl. List of Equip.

EXHIBIT No. 214

Subject: Release of Idle Equipment.

To: Lt. B. J. Nickelsen, Ferguson-Oman Company.

1. With reference to our memorandum of August 7th, no answer has been received to date.

2. If this office has not received a report regarding the release of this equipment or an explanation as to why it should be retained on the job, by noon, August 22nd, steps will be taken to release all the equipment listed that was not used more than 50 per cent of the time during the month of June.

GLEN E. HOFTO,
Captain, Quartermaster Corps,
Constructing Quartermaster.

EXHIBIT No. 215

FERGUSON-OMAN COMPANY,
Milan, Tennessee, August 23, 1941.

INTER-DEPARTMENT LETTER

Subject: Release of Idle.

To: Captain Glen E. Hofto, Constructing Quartermaster.

Replying to your letters of August 7 and August 20, we are attaching copies of lists showing equipment on this project with comment opposite each item.

/s/ C. G. ATKIN,
C. G. Atkin,
Project Manager.

¹ Previously entered as "Exhibit No. 160," and appears supra, p. 3286.

AUGUST 21, 1941.

REPORT OF EQUIPMENT

To: Mr. C. G. Atkin, Project Manager.

From: W. H. Faulk.

With reference to letter dated August 7, 1941, from the Constructing Quartermaster's Office referring to idle equipment, a list of the equipment having been attached, you are advised the list of equipment attached is assigned to the various departments under this office with notations regarding same.

This list has been referred to the Building Department for any comments or disposition that they care to make.

W. H. FAULK.

List of equipment

USWC No.	Kind of equipment	Comments
	Tractor, Caterpillar, RD-8.....	Was down for repairs—now working for Road Division.
	Tractor, Caterpillar, RD-7.....	This tractor was with the Railroad Division, has been terminated.
	Tractor, Caterpillar, D-4.....	Was down for repairs—now working for Road Division.
40	Tractor, Caterpillar, RD-8.....	This tractor now working for Railroad Division.
56	Tractor, Caterpillar, D-4.....	This tractor now working for Railroad Division.
89	Tractor, Allis-Chalmers.....	Was down for repairs, now working for Road Division.
90	Tractor, Caterpillar-40.....	Has been assigned to Electrical Division, to be put to work 8-22 or 8-23.
A-5	Tractor, Caterpillar, RD-7.....	Is in repair shop being worked on, to be used by Railroad Division on completion of repairs.
A-40	Tractor, Caterpillar, D-6.....	Was down for repairs, now working for Railroad Division.
100	Bulldozer, LaPlante Choate.....	Is working on Tractor No. 9—tractor and dozer has been loaned to the Building Department.
104	Bulldozer, LeTourneau.....	Working on Tractor No. 32 for Road Division.
110	Bulldozer, Allis Chalmers.....	Is working on tractor No. 39, is broken down and Mr. Ewing of Railroad Division, recommends terminations of same.
124	Bulldozer, LeTourneau.....	Now working for Road Division.
129	Angledozer, LeTourneau.....	Working on Tractor No. 60, Railroad Division.
130	Angledozer, LeTourneau.....	Is now in repair shop for repairs, to be used by Railroad Division when finished.
137	Bulldozer, LeTourneau.....	Was working on Tractor No. 6 pulling hydraulic dump wagons—wagons not being used now.
201	Hydraulic Power Unit, Athey.....	Working on tractor No. 16, is being used by Soil Erosion Department.
212	Power Unit, LaPlante Choate.....	Working on tractor No. 65, Road Division.
235	Power Unit, LeTourneau.....	Working on tractor No. 59, Road Division.
250	Power Unit, LeTourneau.....	Working on tractor No. 57, Road Division.
297	Power Unit, LeTourneau.....	Is now working in Railroad Division.
800	Sheepfoot Roller.....	Is now working for Road Division.
802	Sheepfoot Roller.....	Is to be used by Railroad Division.
803	Sheepfoot roller.....	Now being used by Road Division.
618	Wobble Wheel Roller.....	Being used by Railroad Division.
900	LeTourneau Rooter Plow.....	Now working, Road Division was waiting on piling for bridges.
906	Pile Driver Rig.....	Is used by Road Division when unusually hard ground is encountered. Needed by this Department.
908	LeTourneau Rooter Plow.....	Working for Road Division, Sand Pit No. 4.
928	Rooter Plow, Garwood.....	Working for Road Division, Milan Ordnance Depot.
930	Rooter Plow, LeTourneau.....	Electrical Division has no use for this frame at this time as all poles are set in the W. C. O. P. If heavy poles are to be used in M. O. D., this piece of equipment will be needed. No plans are available for this work in M. O. D. to date.
A-909	Pole Setting Frame.....	Is in shop for repairs, paving Department will use same when it is released.
A-984	Disc Harrow.....	Has been idle, now working for Road Department. Has been waiting for piling for igloo.
A-951	Drop Hammer & Follow Block.....	Now being used by Road Division, driving piling.
A-952	Pile Driver Leads.....	Now working for Road Division, tractor was broken down and scraper was idle waiting for repairs.
1003	LeTourneau Scraper.....	Working on Tractor No. 82, Railroad Division.
1035	LeTourneau Scraper.....	Working on Road Division, was idle waiting on tractor.
1038	LeTourneau Scraper.....	This heavy equipment is not needed unless bad weather is encountered. During bad weather this equipment is in Constant use.
1100	Tractor Wagon.....	
1101	Tractor Wagon.....	
1111	Crawler Wagon.....	
1200	Heavy Hauling Equipment.....	At times this tank is needed, is not in use at all times. At the time this pump was requisitioned, it was anticipated that more prime would be used than has been used on this project. Recommend termination of this pump.
1201	Heavy Hauling Equipment.....	
1901	Asphalt Feeder Tank.....	
1903	Transfer Pump.....	
1907	Asphalt Leveler & Finisher.....	Recaptured by U. S. Government.
1909	Tar Kettle.....	This kettle is now being used by Paving Department.
A-998	Push Car.....	This push car is used by Railroad Division.

FERGUSON-OMAN COMPANY,
August 22, 1941.

INTER-DEPARTMENT LETTER

Subject: Construction Equipment.
To: Mr. C. G. Atkin.
From: Mr. E. C. Sheets.

Attached is a list of equipment consigned to the Construction Department and in use by this Department. You will note our comments in connection with various items of equipment, that are made in accordance with Capt. Hofto's Letter to Lt. Nickelson under date of August 7th.

The items of equipment which are marked idle in certain areas can be considered as an item of insurance and as otherwise explained in the note at the bottom of the page.

We have checked over the full list of equipment innumarated by Capt. Hofto. The Construction Department's list, together with Mr. Faulk's list, will constitute the entire items of equipment innumarated by Capt. Hofto.

E. C. SHEETS.

Construction department list of equipment

	Kind of Equipment	Comments
A-11	Tractor, Caterpillar, RD-7	Working MOD Mr. Bell, Supt. Building Construction. Ferguson-Oman.
A-12	Tractor, Allis Chalmers HD-14	Working Area D. Will be working through entire job.
A-13	Tractor, Allis Chalmers HD-14	In garage for repairs. Will be needed as soon as repaired.
A-15	Tractor, Caterpillar, RD-7	Until duration of job.
A-32	Tractor, Caterpillar, D-4	Transferred to Midwest Const. Co. Will be needed until the completion of the South Area.
302	Kochring Shovel	Working at Sewage Disposal. Will be needed in the new areas opening in north area.
918	Air Compressor	Working in Area L. Recently transferred to this department and will be needed in the new areas for foundation work.
936	Air Compressor	Working in Area L, for the past six weeks.
975	Air Compressor	Recently acquired by this department. Has been working in Area X and will be transferred to Midwest Construction Co.
1605	Water Pump	Has been idle for the past three days, but due to other compressors being transferred to Midwest, will be needed in North Area.
1609	Water Pump	Idle in Area G.
1615	Water Pump	Idle in Area G.
1622	Water Pump	Idle in Area K.
1621	Water Pump	Idle in Area K.
1633	Water Pump	Idle in Area B.
1655	Water Pump	Idle in Area D.
1658	Water Pump	Working at Sewage Disposal.
1677	Water Pump	Idle in Area L.
1679	Water Pump	Idle in Area P-West.
1678	Water Pump	Idle in Area P-West.
1680	Water Pump	Idle in Area P-West.
	(are holding the balance of these pumps for completion of excavation in North Area.)	Idle in Area D.
1612	Water Pump	The above pumps are used for wet excavation and, due to extremely dry weather, most of them have been idle.
1621	Water Pump	Eight of the pumps are going to be transferred to the Midwest Construction Co.
1623	Water Pump	Transferred to Midwest Construction Co.
1634	Water Pump	Transferred to Midwest Construction Co.
1625	Water Pump	Transferred to Midwest Construction Co. (This leaves a balance of 4 pumps to be transferred to the Midwest Const. Co.)
1626	Water Pump	These two pumps are to be terminated.
1616	Water Pump	This machine is being repaired and will be used in case of emergency.
956	Concrete Bucket	Working in Area B.
957	Concrete Bucket	Idle in Area K.
958	Concrete Bucket	Working in Area L.
959	Concrete Bucket	Working in Area L.
961	Concrete Bucket	Working in Area B.
962	Concrete Bucket	Idle in Area G.
963	Concrete Bucket	Idle in Area L.
964	Concrete Bucket	Working in Area P-West.
965	Concrete Bucket	Idle in P-West.

Construction department list of equipment—Continued

	Kind of Equipment	Comments
966	Concrete Bucket.....	Transferred to Midwest Construction Co. With Crane #523. Working in Area D. (Most of these buckets have been idle during the month of July, but since the first of August, they have been used consistently.) These vibrators are in for repairs.
967	Concrete Bucket.....	
1311	Vibrator.....	These machines are new and we believe Gov. owned. Effort will be made to return to vendor for credit. If not Gov. owned these can be terminated.
1313	Vibrator.....	
1316	Vibrator.....	
1317	Vibrator.....	
1343	Vibrator.....	
1346	Vibrator.....	
1358	Vibrator.....	
1369	Vibrator.....	
1376	Vibrator.....	
1383	Vibrator.....	
1384	Vibrator.....	These machines were purchased for use in M. O. D. before it was known that this work would be sub-contracted. Midwest Co. will not use this type of equipment.
1385	Vibrator.....	
1386	Vibrator.....	
1387	Vibrator.....	
1388	Vibrator.....	
1389	Vibrator.....	
1390	Vibrator.....	
1393	Vibrator.....	
1394	Vibrator.....	
1300	Vibrator.....	
1309	Vibrator.....	This list of Vibrators is being used throughout the North Area. These should not be terminated until construction is further advanced.
1312	Vibrator.....	
1318	Vibrator.....	
1315	Vibrator.....	
1334	Vibrator.....	
1330	Vibrator.....	
1345	Vibrator.....	
1347	Vibrator.....	
1349	Vibrator.....	
1350	Vibrator.....	
1353	Vibrator.....	
1354	Vibrator.....	
1355	Vibrator.....	
1356	Vibrator.....	
1357	Vibrator.....	
1358	Vibrator.....	
1359	Vibrator.....	
1360	Vibrator.....	
1361	Vibrator.....	
1365	Vibrator.....	
1366	Vibrator.....	
1367	Vibrator.....	
1377	Vibrator.....	
1392	Vibrator.....	

G. S. BYRD.

EXHIBIT No. 216

[Telegram]

TRENTON, TENN., November 27, 1941.

HUGH A. FULTON,
Chief Counsel of Senate Committee Investigating the National Defense Program,
Washington, D. C.

John Lord has been indicted three times in Carroll County, Tenn; twice for obtaining money under false pretense one for fraudulent breach of trust, two of the cases were nollod on cost with defendant returning the money obtained. One case now pending.

L. L. HARRELL, Dist. Atty.

EXHIBIT No. 217

[Telegram]

TRENTON, TENN., December 1, 1941.

HUGH A. FULTON,

Chief Counsel of Senate Investigating Committee Investigation National Defense:

Am sending copy of indictments and orders in case of State vs John G Lord self explanatory these indictments certainly were not returned to assist any collection.

L. L. HARRELL, *Atty Gen.*

EXHIBIT No. 218

FERGUSON-OMAN COMPANY,
Milan, Tennessee, June 19, 1941.

INTER-DEPARTMENT LETTER

Subject: Procedure for Initiating Motor Vehicle Reports.

To: Major P. M. Brewer:

We note the comments in Captain Kibler's memorandum dated June 19 referring to the above subject.

In answer to the observations contained therein we submit the following:

1. Directive dated June 12, 1941, is hereby referred to and information is requested on the following:

(a) Immediate observance was directed, to date none has been accomplished.

We were reorganizing the department after a very serious cut in personnel and in view of the importance of the transportation function to this operation, were not ready to again disrupt this operation without careful consideration.

(b) Mr. Phillip W. Harrison was discharged contrary to directive without prior notice to this office or stated cause.

Our answer to this is that he had on numerous previous occasions circumvented lines of authority in our own organization and had made several changes in the operation of his department without the knowledge or consent of his superiors who were responsible for its operation.

2. Immediate reply giving justification for violation of directive is ordered.

The directive in question had been issued without consultation with Mr. Faulk who is presently charged by us for the responsibility of the operation of this entire department of our organization. The directive was the first information which we had that there was any question as to the operation of this department.

The organization suggested by the directive did not meet with Mr. Faulk's or our approval and it was desired that adjustments in the department as required should result from conference to which all parties concerned would be present and given an opportunity to express their thoughts.

C. G. ATKIN,
C. G. Atkin,
Project Manager.

AFFIDAVITS

Concerning the affidavits submitted as a part of this record on behalf of the Ferguson-Oman Company by Mr. Will R. Manier, the attorney for that company, it is noted that the following numbered affidavits were executed before Winfred Lancaster:

1, 2, 3, 4, 5, 6, 7, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 101, 102, 103, 104, 105, 106, 107, 117, 119, 120, 121, 122, 134, 136.

Mr. Lancaster has been identified from the personnel records of Ferguson-Oman Company as a former attorney in business for himself at Lexington, Tennessee, and became employed by the Ferguson-Oman Company on May 19, 1941, as an Office Assistant at \$50 a week being reclassified June 29, 1941, as an Accountant at \$55 a week. The attached communication indicates the nature of some of the work done on the project by Mr. Lancaster.

[Copy]

600.114 b
(t)

GNK: ep

AUGUST 6, 1941.

Captain GEORGE N. KIBLER,
The Ferguson-Oman Company

Travel Authority—W. H. Lancaster

1. Travel authority request for Mr. W. H. Lancaster from Milan, Tennessee, to Nashville, Tennessee, and return to defend employees of the Contractor against garnishment has been disapproved.

2. The Construction Manual does not authorize the payment of expenses or authorize any activity by the Constructing Quartermaster in the defense of employees on project against garnishment proceedings.

GEORGE N. KIBLER,
Captain, Quartermaster Corps,
Executive Officer.

1 Incl.

Travel Auth. Request—(in trip.)

3367

The following affidavits are included in the record in connection with the testimony of George Kibler, supra pp. 2945-2958.

AFFIDAVIT No. 1

[In connection with this affidavit see Affidavit No. 1-A below]

STATE OF TENNESSEE,
County of Carroll.

Personally appeared before me, the undersigned authority, John McInerney, who being sworn, deposed as follows:

My name is John McInerney. At the present time I am living at Jackson, Tennessee. I am employed by the Ferguson-Oman Company as General Superintendent of Construction, and have been so employed since April, 1941.

My attention has been called to the testimony of Captain Kibler given before the Senate Investigating Committee at Memphis, Tennessee on November 17, 1941, and reading as follows:

"Captain Kibler: A short time before I observed that, I was informed by one of our Tennessee Inspectors that he found thirty-five men working on a little well house. There were two foremen, two carpenter foremen, a labor foreman, and the balance of the work was divided up amongst the carpenters and laborers, almost in equal numbers."

I remember this occasion. There were not thirty-five men employed on this well house. The facts are that there were nine carpenters, three carpenter helpers, and twelve laborers. I was notified that day that there was a large group of men working on this well house. I immediately had this investigated. The reason for this number of men was that one of the crews of laborers, by mistake, reported to work on this particular well house and should have been working on another well house. The reason that there was that number of men working on one well house was that we were being urged to complete the well houses as rapidly as possible so that, among other things a motor could be hooked up to the system and the services of an operator of gasoline engine dispensed with and the entire water system turned over to Proctor & Gamble Defense Corporation, and the fact that there were two crews of laborers there was simply a mistake as to location, such as might occur on any large project employing up to 15,000 men.

When this was reported to me I was in an important meeting and sent a subordinate to investigate. Shortly thereafter, when the meeting broke up, I made a trip to the well house and found that one of the crews had gone on to its proper place.

JOHN McINERNEY.

Sworn to and subscribed before me this 24th day of November 1941.

[SEAL]

WINFRED H. LANCASTER, *Notary Public*.

Registered as a notary public in Henderson, Carroll, and Gibson Counties, Tenn., as provided by chapter 193, Public Acts of Tennessee, 1935.

My commission expires July 10, 1945.

AFFIDAVIT No. 1-A

I, George N. Kibler, having been sworn previously in this proceeding make the following statement in the further support of my testimony to Mr. H. G. Robinson, knowing him to be an Investigator of the Special Senate Committee Investigating the National Defense Program.

I have read the affidavit of John McInerney concerning my testimony with respect to thirty-five men working on a well house. Mr. McInerney in his affidavit attributes the large number of workers on this well house to a mistake on the part of a crew of laborers and after it had come to his attention the laborers

had gone on to their proper work locations. In this connection the information originally was reported by Mr. G. A. Douglas, Chief Time Inspector of the Office of the Constructing Quartermaster who had received a report from a field time checker. This report contained the actual badge numbers of the various workmen engaged on this well house and the actual length of time the workers were so employed can be definitely established by records in the Office of the Constructing Quartermaster at the present time. I am no longer associated with this project although the records were undoubtedly available to Mr. McInerney at the time he executed his affidavit.

(Signed) GEORGE N. KIBLER.

Sworn to and subscribed to before me, at Minden, Louisiana, County of Webster, January 29, 1942.

[SEAL]

NANCY LEE,
Notary Public (Lifetime Commission).

AFFIDAVIT No. 2

[In connection with this affidavit see Affidavit No. 2-A below]

STATE OF TENNESSEE.

County of Carroll

Personally appeared before me the undersigned authority, John McInerney, who being first duly sworn deposed as follows:

My name is John McInerney. I am employed by the Ferguson-Oman Company as General Superintendent of Construction on the Wolf Creek Ordnance Plant and the Milan Ordnance Depot. I have been so employed since April, 1941. In this capacity I have the general supervision of all building construction work.

I understand that Captain George Kibler testified at the Senate hearing in Memphis, Tennessee, on November 17, 1941, that he did not think that the plumbers were working at their full capacity and he mentioned an instance in which he saw a large number of the plumbers standing around the shop idle.

It is my custom to visit each and every job one or two times daily and I never observed any large group of plumbers being idle except on one occasion on the "K" Line. Upon investigating and questioning the Foreman, found that these men had just come in from the job to meet the pay master. As a matter of fact, while I was investigating the balance of the plumbers came in just as the pay master arrived. This is the only instance when I saw a large number of plumbers waiting around.

The plumbing contracts are sub-contracts on a fixed-fee basis and not a cost plus basis.

JOHN MCINERNEY.

Sworn to and subscribed to before me, this 25 day of November, 1941.

[SEAL]

WINFRED W. LANCASTER, Notary Public.

Registered as a Notary Public in Henderson, Carroll, and Gibson Counties, Tenn., as provided by chapter 193, Public Acts of Tennessee 1935.

My Commission Expires July 10th, 1945.

AFFIDAVIT No. 2-A

I, George N. Kibler, having been sworn previously in this proceeding make the following statement in the further support of my testimony to Mr. H. G. Robinson, knowing him to be an Investigator of the Special Senate Committee Investigating the National Defense Program.

I have read the affidavit of John McInerney concerning my testimony with respect to plumbers not working to their capacity. Mr. McInerney's affidavit in effect corroborates my testimony in so far as he himself on one occasion had noted plumbers waiting for the paymaster. I did not in my testimony intend to limit the inefficiency on the part of workers to those of the plumbing trade only. In one instance I observed four steel workers idle at the Heavy Equipment Barn and upon investigation found that a crew was mixing concrete and upon preparing the concrete to one-half the specified depth, the four steel workers would pick up

a piece of wire mesh and lay it in place on the fresh concrete whereupon the concrete workers would complete the top half. In effect the steel workers only worked a few minutes out of each hour, long enough to lay one section of steel mesh in place.

In another instance in the construction of lavatories I noted a painter engaged in painting rafters with a brush and he was so engaged for approximately three days whereas the rafters could have been sprayed in a fraction of the time consumed in applying the paint by brush. In my opinion the union requirements are not as drastic as to require conformity along the aforementioned lines.

(Signed) GEORGE N. KIBLER.

Sworn to and subscribed to before me, at Minden, Louisiana, County of Webster, January 29, 1942.

[SEAL]

NANCY LEE,
Notary Public (lifetime Commission).

AFFIDAVIT No. 3

[In connection with this affidavit see Affidavit No. 3-A below]

STATE OF TENNESSEE,
County of Carroll.

Personally appeared before me, the undersigned authority, John McInerney, who being first duly sworn, deposed as follows:

My attention has been called to the testimony of Captain Kibler before the Senate Investigating Committee at Memphis, Tennessee, on November 17, 1941, that he observed ten carpenters and four helpers putting up a single garage on the Wolf Creek Ordnance Plant.

This was not reported to me at the time, nor has it ever been reported to me since that time. If Captain Kibler had reported this to me I would have investigated it promptly.

It is true that there were a number of double garages built on this project, and if this was the case, in the interest of rapid construction, which was required on this project, the number of men would have been justified.

JOHN MCINERNEY.

Sworn to and subscribed before me this 24th day of November 1941.

[SEAL]

WINFRED P. LANCASTER,
Notary Public.

Registered as a notary public in Henderson, Carroll, and Gibson Counties, Tenn., as provided by chapter 193, Public Acts of Tennessee 1935.

My commission expires July 10th, 1945.

AFFIDAVIT No. 3-A

I, George N. Kibler, having been sworn previously in this proceeding make the following statement in the further support of my testimony to Mr. H. G. Robinson, knowing him to be an Investigator of the Special Senate Committee Investigating the National Defense Program.

I have read the affidavit of John McInerney concerning my testimony indicating that ten carpenters and four helpers were constructing a single garage on the Wolf Creek Ordnance Plant project. Mr. McInerney makes no denial other than to set forth that the matter was not reported to him and it was possibly a double garage in which case the number of men would be justified. At the time of the investigation by Mr. H. G. Robinson of the Special Senate Committee Investigating the National Defense Program, he indicated a desire to examine the staff housing and accordingly we went through one of the houses to examine the interior construction and upon leaving the particular house in question the workmen engaged in the construction of the one-car garage in the rear of the house as outlined by me in my testimony was also observed by Mr. Robinson.

(Signed) GEORGE N. KIBLER.

Sworn to and subscribed to before me, at Minden, Louisiana, County of Webster, January 29, 1942.

NANCY LEE,
Notary Public (lifetime commission).

AFFIDAVIT No. 4

[In connection with this affidavit see Affidavit No. 4-A on p. 3372]

STATE OF TENNESSEE,
County of Carroll.

Personally appeared before me the undersigned authority, J. McInerney, who being first duly sworn deposes as follows:

My name is J. McInerney, at the present time I am living in Jackson, Tennessee, and I am employed by the Ferguson-Oman Company as Superintendent of Construction on the Wolf Creek Ordnance Plant and the Milan Ordnance Depot, and have been so employed since on or about April 7, 1941.

My attention has been called to the testimony of Captain Kibler before the Senate Investigating Committee, of Memphis, Tennessee, on November 17, 1941, in which he states that houses including garages on the Area were constructed at a cost of \$18,000.00.

These houses were built in a wooded hilly section and were two story houses. These houses were designed by Wilbur Watson Associates of the Ravenna Ordnance Plant and covered houses which were constructed at the Ravenna Ordnance Plant, which is a much colder climate than the climate at the location of the Wolf Creek Ordnance Plant.

We were instructed by the Constructing Quartermaster to build these houses according to these plans and specifications with some minor alterations to suit materials available.

We were instructed to not cut down any trees unless they were actually on the building site. Therefore, it was impossible to bring in any machines to excavate and it was necessary to excavate by hand, with the exception that on some houses it was possible to get in a small back-hoe to the location.

There are full basements in each house, with ceiling height of 7' 2" from finished concrete floor to underside of first floor joist. Basement walls of hollow tile with exteriors waterproofed. Sub-soil drainage is provided around the exterior of all walls.

Owing to the inaccessibility of these houses, it was necessary to set up a concrete mixer for the pouring of concrete floors and wheelbarrow the aggregates from temporary roads, which were cut through on the approximate line of the permanent roads. It was also necessary to wheelbarrow the tile for the walls, brick for fire places and chimneys, sand and cement.

All framing timbers had to be handled in the same manner, plus interior trim, stairs, mantle piece, wood flooring, roofing, glass, etc.

We were instructed to push these 32 houses with all possible dispatch and we had to use such labor was available. The building of small houses is a specialty, and with very few exceptions, none of the carpenters available were experienced in house framing.

We had to use this limited number of experienced men instructing and laying out the work for the men not experienced on framing houses, which resulted in a very materially slowing up of the work, thereby adding to the cost.

In addition to this, the grade of lumber furnished had to be carefully selected to use only sound timbers free from knots and shakes where strain and stress occurs.

The interior trim, doors, stairs, knocked-down kitchen cabinets, mantels, hand-rails, etc., were let to the low bidder. This wood working shop was not capable of turning out an order of this magnitude in the time allotted. In order to keep the work going, would send the mill work in in small lots, which materially slowed up the job.

Instead of using lath and plaster, we were instructed to use plasterboard to eliminate the time necessary for the drying out period, as it was expedient that these houses be ready for occupancy in the shortest possible time. As is customary, this plasterboard was delivered in stock sizes, and this required a great deal of cutting and fitting around door openings, windows, stairways, grilles, electric light outlets, switch plates, etc., with the consequent additional blocking was necessary for the nailing of the plasterboard.

All joints and nail heads had to be sparkled, and the joints taped, in accordance with the Manufacturer's recommendations. Here again this was work that was entirely new to local painters. After this taping was applied with the paste of gypsum base, these joints had to be sanded down. All of this greatly increased the cost.

The composition roofing was also applied by carpenters.

A number of these houses had three baths and basement lavatory and were from seven to eight rooms and consisted of two floors.

In view of the specifications and the above details set out and further considering the difficulties set out the cost of construction was not excessive.

J. McINERNEY.

Subscribed and sworn to, before me this 24 day of November 1941.

WINFRED H. LANCASTER, *Notary Public*.

Registered as a Notary Public in Henderson, Carroll, and Gibson Counties, Tenn., as provided by chapter 193, Public Acts of Tennessee 1935.

My Commission Expires July 10th, 1945.

AFFIDAVIT NO. 4-A

I, George N. Kibler, having been sworn previously in this proceeding make the following statement in the further support of my testimony to Mr. H. G. Robinson, knowing him to be an Investigator of the Special Senate Committee Investigating the National Defense Program.

I have read the affidavit of John McInerney concerning my testimony with respect to the construction of staff houses. I do not agree with Mr. McInerney's contention that the construction of these houses presented any difficult problems other than encountered in the construction of private dwellings in single units. On the contrary it is my belief that by synchronizing operations in the construction of these houses they could be constructed collectively more readily than they could as separate units. Mr. McInerney contends that because of trees it was impossible to bring any machines into the location for excavating purposes and it was necessary to excavate by hand. This problem is no different than the usual small house construction and contrary to Mr. McInerney's contention, a $\frac{3}{8}$ -yard shovel dug all the basements. The fact that tile supplies, brick for fire places and aggregates had to be transported by wheelbarrow, this problem is not any different than usual small house construction and in fact a central batch plant was set up thereby making for a more efficient handling of the mixing of aggregates. Mr. McInerney contends that handling timbers, trim, flooring, etc., was difficult because of the same problem of man-handling the supplies to the actual work location. In fact a central mill was set up to cut the rafters and to some extent prefabrication of materials was possible, an advantage not usually possible or practical in a single unit construction. As to Mr. McInerney's statement concerning haste in the construction of these houses, some consideration should be given to the extent to which the completion of staff housing expedited the operation of a shell-loading plant and consideration should also be given to the desire on the part of the officials who are to occupy these houses in avoiding the high rent and housing shortage in the surrounding territory.

In connection with the class of labor and the difficulties which Mr. McInerney contends were present it is known to all construction men that few carpenters engaged on small house construction are sufficiently experienced in laying out the actual framing of a house and this phase was handled in a customary manner of having one or two experienced men laying out the work for the other carpenters to perform.

In connection with the quality of the lumber furnished Mr. McInerney's contention is incorrect inasmuch as the quality was checked by the Receiving Department and representatives of the Southern Pine Association made examinations of the lumber used from time to time as to its quality and any inferior lumber should have been called to the attention of the proper authorities. In connection with the interior trim, doors, kitchen cabinets, etc. being handled by a supplier not equipped to deliver sufficient quantity, it is pointed out that all of the houses were not constructed at the same time and the operation on one house followed in a synchronized manner the operation on another house so that large quantities of trim were not required at any one time nor could it have been used to advantage if it had been delivered in advance and the bid for trim was let to a supplier in Jackson, Tennessee, in order to have a readily accessible source of supply with a minimum of transportation problems.

Mr. McInerney is somewhat inconsistent wherein he points out that the houses were designed for a colder climate in Ravenna, Ohio, with the inference that this presented a problem in connection with the construction of these particular houses and further in his affidavit concedes that the plans were modified because of the milder climate in Tennessee even to the extent of using plaster board in lieu of lath and plaster. Mr. McInerney's discussion of the problems of using plaster board is merely an outline of the work necessary in using this type of material and there is no comparison of the work involved in using this material and regular lath and plaster construction and any construction man will concede that plaster board is usually specified in cheap housing construction because of economy. Mr. McInerney's affidavit is misleading in the details set out in attempting to intimate that there were any unusual problems in the construction of these houses to the extent that it would justify the excess cost of their construction such as was testified by me.

(Signed) GEORGE N. KIBLER.

Sworn to and subscribed to before me, at Minden, Louisiana, County of Webster, January 29, 1942.

[SEAL]

NANCY LEE,

Notary Public, (lifetime commission).

AFFIDAVIT No. 5

[In connection with this affidavit see affidavit No. 5-A on p. 3374.]

STATE OF TENNESSEE,

County of Carroll.

Personally appeared before me, the undersigned authority, W. W. Turner, who, being duly sworn, testified as follows:

My name is W. W. Turner. I am at present living at Dormitory "C" in the Administration Area of the Wolf Creek Ordnance Plant. I am employed by the H. K. Ferguson Company, architect engineers of the Wolf Creek Ordnance Plant, and have been so employed since February 1941. I am the Highway Designing Engineer for the H. K. Ferguson Company on this project.

My attention has been called to the testimony of Captain Kibler before the Senate Investigating Committee in Memphis, Tennessee on November 17, 1941, and the comments of Mr. Fulton with reference to the Committee being interested in the question of two parallel roads on the project, Captain Kibler testified in effect that he did not know the reason for the two roads and it is inferred that their construction was improper.

These roads were properly designed and necessary in the plan and operation of the plant, and likewise conform to the instructions contained in the "Manual of Instructions for The Administration of Contracts", and the "Ordnance Safety Manual". The necessity for the two roads is understood from the following facts: One of these roads is one of the main arterial highways serving both the Wolf Creek Ordnance Plant and the Milan Ordnance Depot. This road is, therefore, used by thousands of employees traveling to and from home and back and forth over the two projects and traffic on the road is and will be heavy. This road, further, runs from the Administration Buildings on the East Boundary of the Milan Ordnance Depot to the Graball Gate or Entrance to both the Wolf Creek Ordnance Plant and the Milan Ordnance Depot on the West Boundary of both projects. This particular road is further the boundary between these two projects.

The other road running parallel to the road described above is to the South of the main artery, and is enclosed by a heavy chain link and barbed wire fence. This last road is a patrol road within the fence within the area and connected with the patrol road or roads serving the igloos which are used by the plant for the storage of high explosives. It is not only necessary, but very practical that this road should be enclosed by the fence and that regular traffic should not be allowed within the fence. If the main artery first described was used for both roads, then these roads from the igloos would strike the main artery road at regular intervals, creating a very dangerous condition by reason of the heavy traffic on the main artery road. Further, it is plain that the patrolman within the explosive area would be unable to patrol any area effectively unless within the area enclosed with a fence. Inside the area enclosed within the fence and

within which run the patrol roads the workmen are not allowed to bring their personal automobiles, nor are they allowed to enter with cigarette lights, matches, etc., or anything else that would cause an explosion.

The plan of operation is that the workmen travel over the main artery to the Administration Area, where their automobiles are parked and they are checked for matches, cigarette lighters, etc., and then transported in plant cars to their places of work within the restricted or "explosive" areas.

There is no way to design one road to cover all purposes when ordinary travel and the storage and handling of high explosives are involved. I quote below from the Manual of Instructions for The Administration of Contracts, War Department, office of the Chief of Ordnance, page 88:

"C. Important Protective Features

- (1) Fencing around each manufacturing and explosive area.
- (2) Patrol Roads located inside the fenced area.
- (3) Patrol Cars equipped with two-way radios and operating on patrol roads."

I further quote from the Ordnance Safety Manual as follows:

"1. Ordnance Safety Manual, Page 27, Paragraph 24d (3)

Good roads for use by guards and fire fighters should be provided. Roads for traffic to and from the Safety Zone should not pass through the Magazine Area.

2. Ordnance Safety Manual, Page 9, Paragraph 7 (37)

Road systems serving magazines, or explosive operating buildings, should be so arranged that trucks carrying explosives will not be isolated on dead end roads in case of fire or explosion."

All requirements of the above are met with the present design, which has received the approval of the Ordnance Department and the Construction Quartermaster.

It was further testified to by Captain Kibler that the roads parallel one another for about four and a half miles. This is not correct. The patrol road parallels the main artery for a distance of 2.9 miles.

W. W. TURNER.

Sworn to and subscribed before me this 24th day of November 1941.

[SEAL]

WINFRED H. LANCASTER, *Notary Public*.

Registered as a Notary Public in Henderson, Carroll, and Gibson Counties, Tenn., as provided by chapter 193, Public Acts of Tennessee 1935.

My Commission Expires July 10th, 1945.

AFFIDAVIT No. 5-A

I, George N. Kibler, having been sworn previously in this proceeding make the following statement in the further support of my testimony to Mr. H. G. Robinson, knowing him to be an Investigator of the Special Senate Committee Investigating the National Defense Program.

I have read the affidavit of W. W. Turner with reference to my testimony concerning the duplicate roads on the Wolf Creek and Milan Ordnance projects. It is true that as Mr. Turner outlined the roads conformed to the prescribed rulings of the Ordnance Safety Manual and other prescribed protective features of the Ordnance Section of the War Department. Not only do the roads conform but they are superfluous to any requirements set up in the prescribed ruling. Wherein my testimony described two parallel roads, there are in effect three roads for that part of the distance on which construction has been performed. The first road is the road connecting the tributary roads running through the igloo area. This is in accordance with the Ordnance Department ruling that no streets be "dead end" in case of fire or explosions and permit cross traffic between the various roads running through the area. This road could have been extended so that it could be utilized for a patrol road inside of the protective fence. A road extending from both extremities would have enabled proper patrolling for the entire length of the area.

Beyond this road and still on the Milan Ordnance Depot project is a 18 ft. macadam highway identical to the third road which is characterized as an arterial highway. The construction of a road of this width to be used as a patrol road is unjustified and unnecessary. The protective fencing comes between this second road and the third road which is the main arterial highway and could have been

placed just outside of the first road mentioned with the same safeguards and without the necessity of constructing any additional guarded gateways. Mr. Turner contradicts my testimony to the effect that the roads are $4\frac{1}{2}$ miles long stating, "The patrol road parallels the main artery for a distance of $2\frac{1}{10}$ miles." Mr. Turner does not, however, state in his affidavit the actual length of these roads. I refer to the diagram set forth on the Semi-Monthly Field Reports which are drawn to a scale of $2\frac{1}{8}$ inches to the mile for an approximation of the length of these roads despite the distance they are alleged to "parallel" each other and also for a graphic illustration of the physical layout of what in effect amounts to two arterial highways and a patrol road in the construction area.

(Signed) GEORGE N. KIBLER.

Sworn to and subscribed to before me, at Minden, Louisiana, County of Webster, January 29, 1942.

[SEAL]

NANCY LEE,
Notary Public (lifetime commission).

AFFIDAVIT No. 6

[In connection with this affidavit see Affidavit No. 6-A on p. 3376.]

STATE OF TENNESSEE,
County of Carroll.

Personally appeared before me, the undersigned Notary Public in and for said State and County, John G. Lord, who being duly sworn, deposes as follows:

My name is John G. Lord, I am 31 years old, and I live at Huntingdon, Tennessee. I am employed as Purchasing Agent for the Ferguson-Oman Company on the Wolf Creek Ordnance Plant and the Milan Ordnance Depot and have been so employed since February 5, 1941.

I knew Captain George Kibler, who was an Executive Officer for the Constructing Quartermaster at these plants. I have seen an awful lot of him, in fact he has been my guest on several occasions. I also felt close enough to him to kid him about most anything.

I had absolutely nothing to do with the chert contracts on the job. ~~One of the chert contractors was the Cartwright Construction Company, and Mrs. J. M. Cartwright acted as Manager for Cartwright Construction Company. Mrs. Cartwright is a right attractive lady, and Captain Kibler seemed to take a great liking to her. It was common gossip all over the construction job about Captain Kibler's attentions to her, and whenever Mrs. Cartwright was around the Administration Building it was noticed by me and the others that Captain Kibler was always with her and would get her off in the corner and talk to her both in his office and in the hallways. I kept kidding Captain Kibler about Mrs. Cartwright.~~¹

I understand that Captain Kibler at the Senate Hearing in Memphis on November 17, 1941 testified that at one time when bids were re-advertised for surfacing material for Milan Ordnance Depot that I told him something about the Memphis Stone Company making a bid for chert. I couldn't have done this and could not have given the figures to which he testified "namely \$1.75 to meet specifications and \$1.55 to be what they call pit run—", for I didn't know and do not now know anything about any such bid.

I further understand that Captain Kibler testified on that same day to the effect that I made a statement to him "he told me that I had been informed by a party, whom he considered reliable that the difference in cost represented a portion of a kick-back which has been made". I know that I did not make any such statement to him or anyone else relative to any chert contracts, for I had nothing to do with the chert contracts and I know that no one has gotten any kick-back or anything else improper on any contract from Ferguson-Oman Company. Every contract that has been let has been let and only let with the approval of the Constructing Quartermaster, and there would be no way for there to be any kick-back or anything even suspicious with any of these contracts.

~~In fairness to Captain Kibler, I may have kidded him about Mrs. Cartwright, and may have said something to him about he had better be careful of some one~~

¹ Section in ruled type officially stricken from the record, see supra, p. 3197.

would be suspecting things about him in connection with Mrs. Cartwright's contracts, which were approved by the Constructing Quartermaster, of which he was a staff member. If I used the word kick-back in talking to him, it was to say that he might get a kick-back from his relations with Mrs. Cartwright.¹

I further understand that Captain Kibler testified at the Senate Hearing in Memphis on November 17, 1941, that I was engaged to marry into the family of Mr. Marshall Priest of Huntingdon, Tennessee. This statement is absolutely untrue and I don't think in fairness to the lady referred to that this reference should have been made, as my acquaintance with her had absolutely no bearing on the purchase of chert.

At my expense and at the request of the Senate Investigating Committee, I attended the hearing at Memphis on November 18, 1941, but after appearing the Committee did not call me as a witness. I was there at the Committee's invitation and wanted to clear the record of these unwarranted insinuations and testimony.

JOHN G. LORD.

Subscribed and sworn to before me this 25th day of November, 1941.

[SEAL]

WINFRED H. LANCASTER, *Notary Public*.

Registered as a Notary Public in Henderson, Carroll, and Gibson Counties, Tenn., as provided by chapter 193, Public Acts of Tennessee 1935.

My Commission Expires July 10th, 1945.

AFFIDAVIT No. 6-A

I, George N. Kibler, having been sworn previously in this proceeding make the following statement in the further support of my testimony to Mr. H. G. Robinson, knowing him to be an Investigator of the Special Senate Committee Investigating the National Defense Program.

I have read the transcript of the hearing in which Mr. Manier in commenting upon affidavits submitted stated that, "Anybody could go into any rejected load and pick out samples that would pass almost any test, and it doesn't mean anything unless the representative of the laboratory selected the samples that were tested." In connection with the samples which I submitted to the Barrow-Agee Laboratories, these samples were taken from Ferguson-Oman's inspectors after they in turn had taken them from loads of chert which on the basis of those specific samples they had rejected. These samples upon subsequent analysis were found to be acceptable and further the Barrow-Agee Laboratories tested the rejected materials from samples which they made themselves and it was found that the chert was acceptable. Mr. Manier further testified from affidavits that drivers of trucks after having a truck load of chert rejected would drive down the road and come back and get it rejected a second time. His comment was limited to the Cartwright drivers. In this connection I wish to point out that each load of chert had a load ticket which was submitted by the driver and once a load was rejected the ticket was appropriately marked and it was not possible to return with a rejected load because the driver would not have the proper supporting load ticket other than the one plainly marked "rejected". And again a driver would have no incentive in indulging in this practice inasmuch as they were paid regardless of whether the material was accepted or rejected. Mr. Kingsley Ferguson comments upon my testimony wherein I stated that after an inspector of the Constructing Quartermaster had been withdrawn during a day in which there were practically no rejections that there are a lot of rejections by the contractor's inspectors. Mr. Ferguson contends that it is perfectly possible and might occur, and I contend that it might be probable but it is not very apt to occur.

I am attaching and make part of my affidavit a report of my inspection of the office and quarry of the Cartwright Construction Company on July 9:

An analysis of the bids received on July 26 which analysis is dated July 31, 1941.

Memorandum sent to the contractor dated August 12, 1941, outlining discrimination in the inspection of chert.

Memorandum dated August 15 by Guy B. Panero, Assistant Project Manager, alleging that there has been no discrimination.

Memorandum dated August 18, addressed to the contractor outlining specific instances of discrimination.

¹ Section in ruled type officially stricken from the record, see supra, p. 3197.

Memorandum dated August 21, addressed to the contractor indicating further evidence of discrimination.

Directive dated August 28, authorizing the issuance of a purchase order to the Cartwright Construction Company.

Memorandum prepared by me on September 9, 1941, outlining the details of my investigation into the chert situation.

Memorandum addressed to the H. K. Ferguson Company dated September 23, complaining of failure to inspect 16 loads of chert arriving on the project at the 7:00 p. m. deadline.

I refer to discussion by Mr. Manier in the transcript of the testimony concerning the obtaining of a bond covering the Cartwright Construction Company's performance on their chert contract in which he outlined that a letter had been written to the bonding company declaring the contract breached, and the legal difficulties to be encountered in enforcing a claim against the bonding company. With respect to this subject, I know that the bond covering the performance of the Cartwright Construction Company was revised repeatedly by the Ferguson-Oman Company and Lt. Wise, Operations Officer of the Constructing Quartermaster's Office in order to get it into perfect shape for claims against the Cartwright Construction Company for failure to deliver.

Through the medium of an affidavit over the signature of John Lord, Assistant Purchasing Agent of the Ferguson-Oman Company, an apparent attempt has been made by Mr. Manier to inject into the hearings before this Committee insinuations to reflect upon my character and the character of Mrs. Cartwright which bear a striking resemblance to the same insinuations which he himself testified to directly at the hearing before the House Military Affairs Committee in Memphis, Tennessee. A comparison of Lord's affidavit with Mr. Manier's testimony at that time will undoubtedly indicate the source of the thoughts expressed by Mr. Lord and the reason for such expression. I injected myself into the chert situation at the time Mrs. Cartwright first came to see me because as outlined by her at that time there was no one on the project sufficiently in sympathy with her to whom she could turn. In my position as Executive Officer on the project I never refused to see anybody who evidenced a desire to contact me unless I was tied up on other matters and felt that out of common courtesy the same opportunity should be afforded Mrs. Cartwright. Realizing that the Cartwright Construction Company was the low bidder I considered it my duty to investigate further the circumstances complained of by Mrs. Cartwright. The Government as part of their customary procedure pays expeditors good salaries to expedite material from the U. S. Steel Corporation concerning which there can be no question of propriety, and I consider the same relationship existed with any vendor despite their sex as well as considering it my obligation as a Government employee to expedite purchases from the lowest bidder.

Mr. Lord in his affidavit alleges to have seen an awful lot of me inasmuch as I was his guest on several occasions and he felt close enough to kid me on almost any subject. This is untrue, the only occasion that I was in Mr. Lord's company from a social standpoint was on the occasion when he advised several of the officers that he had entrée to a riding stable at Trezevant, Tennessee, and for purposes of exercising the horses as outlined by Mr. Lord, Major Hofto, the Constructing Quartermaster, Lt. Bruce, Purchasing Officer, Lt. Wise, Operations Officer and myself went riding on a Sunday morning being driven to the stable in Lord's car and having breakfast at a nearby farmhouse. Lt. Wise being Officer of the Day returned to the project for duty about 11:00 a. m. and Lord insisted that the rest of us accompany him to the home of Marshall Priest for drinks. Having no other means of transportation I accompanied the party at which time I met Louise Priest Landon, who Lt. Bruce explained was Lord's fiancée and as soon as her divorce decree became final she and Lord would undoubtedly be married. The only reference to chert made on this occasion was made by Mr. Priest; and Memphis Stone and Gravel Company having been cancelled at this time, Mr. Priest explained that he had just gotten back from a trip to Mississippi which had for its purpose arranging work in order to keep the trucks formerly engaged in hauling chert, and in which he was interested, working on some hauling. Mr. Lord's inference of any infatuation on my part due to Mrs. Cartwright being an attractive lady is malicious and untrue and his statement that he kept kidding me about Mrs. Cartwright is a deliberate untruth inasmuch as I cannot recall ever having mentioned the lady's name to Lord or his having mentioned it to me.

Concerning Mr. Lord's denial of ever having mentioned a kickback to the contractor on the purchase of chert, I refer to previous memorandum prepared by

me dated September 9 and I also submit as an exhibit to this affidavit a confidential memorandum dated July 31, 1941, prepared by me immediately after the statements had been made by Mr. John Lord and which statement was witnessed by my secretary (Mrs. S. L.) Cathryn Perkins as having been made in her presence. This memorandum was discussed with Major Hofto, Constructing Quartermaster, and I was instructed to place the information in the file for possible future reference.

(Sighed) GEORGE N. KIBLER.

Sworn to and subscribed to before me, at Minden, Louisiana, County of Webster, January 29, 1942.

[SEAL]

NANCY LEE,
Notary Public, (lifetime commission).

[The following data were attached to Affidavit No. 6-A]

REPORT OF VISIT TO OFFICE AND QUARRY OF THE CARTWRIGHT CONSTRUCTION COMPANY, CAMDEN, TENNESSEE ON JULY 9, 1941

The Cartwright Construction Company, approximately 1½ miles east of Camden, Tennessee, is equipped with rock crusher capable of crushing 274 yards of chert per hour. The crusher and loading plant consist of two conveyers, the first conveying the quarry run of rock to a double screen which removes all quarry run gravel up to 2 inches, the balance being discharged into a crusher, crushed to 2 inches or smaller, which is conveyed by second conveyer to the screens where it is again screened so that no stone larger than a maximum size of 2 inches is discharged into the overhead hopper. The hopper has a capacity of approximately 20 yards. The conveyer screens and crusher are operated by a 125 h. p. Caterpillar Diesel motor.

The quarry run of rock is conveyed to the crusher plant by truck at maximum operation 275 yards. Approximately 5 trucks are needed for this operation. In addition to 5 trucks so used, the concern owns 11 additional dump trucks which are used to haul chert to the consumer.

The concern owns two smaller plants, each with a capacity of 1000 yards in a 16-hour day. These are located at other pits.

At the time the quarry was visited, three shovels were available for excavating in the quarry and for loading at existing stock pile of approximately 12,000 to 15,000 yards. These shovels are 1¾ yards and 2⅝ yards. The quarry is so located that if necessary shipments can be made by railroad.

The owner, James W. Cartwright, and his wife Louise, gave the following information:

The crusher plant was purchased by the concern in order to fulfill the provisions of their contract with the Ferguson-Oman Company. They state that when it is operated at normal capacity it is impossible for them to get sufficient trucks to remove all chert which this plant can deliver. If the Memphis Stone and Gravel Company is eliminated from delivering, it is the opinion of the Cartwrights that they can deliver all the chert necessary to fulfill their purchase order received by them from the Ferguson-Oman Company—namely, 125 cubic yards of chert per hour, and that they can furnish considerable amount over and above the minimum required by the purchase order. They attribute their failure to deliver to the fact that either through circumstances or design the owners and drivers of trucks have been led to believe that they were not to continue to deliver and that if the trucks desired to continue to deliver that they must deliver for the Memphis Stone and Gravel Company.

The Cartwrights agreed to write a letter that they were now in a position to deliver 2000 yards or more in the 16-hour day and that they had financial arrangements made to meet their payments to the truck drivers provided that their invoices to the Ferguson-Oman Company were honored within a normal period. They also stated that all outstanding payments on equipment were paid up-to-date. They agreed that if they were permitted to deliver again to the Wolf Creek Ordnance Plant they would furnish an individual to supervise and care for their deliveries at the Wolf Creek Ordnance Plant. Also, they will continue to maintain an inspector either of the Mississippi Testing Laboratories or other competent inspection service so that the chert delivered will meet with specifications.

Lt. Kaminar accompanied Captain Kibler in making the inspection of this plant and was present during conversations with owners of this concern.

GEORGE N. KIBLER,
Capt., QMC. 7/17/41.

I accompanied Captain Kibler on the inspection trip to the Cartwright Construction Company at Camden, Tennessee, and conditions reported above are correct.

JAMES H. KAMINAR,
1st Lt., Quartermaster Corps,
Assistant Engineering Officer.

[Copy]

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QM 163

JULY 31, 1941.

The CONSTRUCTING QUARTERMASTER,
The Ferguson-Oman Company.

Bids

1. Bids on chert received on July 26 and opened on July 28, 1941, have been studied and the following conclusions have been reached:
2. Twelve bids were requested, of which four were received: two on chert in accordance with specifications, one on chert as an alternate not to meet specifications in all respects, one on slag, and one on gravel.
3. On the chert to meet specifications, the Cartwright Construction Company of Camden, Tennessee, was low at \$1.63 per cubic yard delivered on the project by truck and dumped in place as designated by Contractor. The Cartwright Construction Company also bids \$1.25 per ton in railroad cars f. o. b. Milan. The Memphis Stone and Gravel Company has same bid f. o. b. Milan in railroad cars at \$1.25. They also bid as an alternate \$1.55 per cubic yard to meet all specifications except as to size delivered on the roads. Their bid specifies delivery of 3500 cubic yards per 16-hour day. The Cartwright Construction Company makes no exception to the specifications as to delivery.
4. The Franklin Limestone Company bids \$1.00 per ton for gravel in accord with specifications at the quarry, freight rate to Milan from \$1.00 to \$1.40 a ton, making the cost per ton delivery vary from \$2.00 per ton to \$2.40. They specify a minimum delivery of 40 cars per day.
5. The Birmingham Slag Company bids on crushed slag in accord with specifications \$2.35 f. o. b. Milan.
6. The Contractor estimates that the handling cost will be in the neighborhood of 60¢ per ton to deliver chert from the railroad cars on siding to the roads where required for surfacing. This handling charge makes cost per ton when delivered f. o. b. Milan \$1.85 per ton for chert, \$2.95 for slag, and from \$2.60 to \$2.90 a ton for gravel.
7. Based on the above information, it is requested that the Cartwright Construction Company be issued a purchase order in accord with their bid for \$1.63 per cubic yard delivered on the road, providing that they can comply with requirements in their requests for bids as to performance bond. The purchase order is not to be issued until a written directive is received by you from the Constructing Quartermaster authorizing the issuance.
8. The bid of the Memphis Stone and Gravel Company for "pit run" or chert to meet all specifications except for size is informal, since it was not requested and the other bidders were not given an opportunity to quote on that basis.
9. The bids on gravel and slag are high, and for that reason are not to be considered.

For the Constructing Quartermaster:

GEORGE N. KIBLER,
Captain, Quartermaster Corps,
Executive Officer.

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QM 400.138

AUGUST 12, 1941.

The CONSTRUCTING QUARTERMASTER,
The Ferguson-Oman Company.

Receipt and Inspection of Material.

1. It is the policy of this office to treat all vendors supplying materials or services to the project with equal consideration. It has become apparent that this is not being done in respect to the delivery of chert. One vendor is being subjected to a minute inspection of materials, the other being practically free from any surveillance whatsoever.

2. It is directed that if inspection is rigidly enforced on one vendor that like treatment must be afforded the other. Contrariwise, if material is accepted from one vendor with little or no inspection, all vendors must be so treated.

3. It is desired that you inform the heads of your departments affected, informing them that if this office in the future observes any further conduct of this kind that the offending persons will be subject to dismissal.

For the Constructing Quartermaster:

GEORGE N. KIBLER,
Captain, Quartermaster Corps,
Executive Officer

[Copy]

FERGUSON-OMAN COMPANY,
August 15, 1941.

Inter-Department Letter.

Subject: Receipt and Inspection of Material.

To: Constructing Quartermaster,
 Attention: Captain George N. Kibler.

Through: Mr. C. G. Atkin.

We have your letter of August 12, on the subject of "Receipt and Inspection of Material". Your letter refers particularly to the inspection of chert.

It has always been the policy of this company to treat all Vendors, supplying materials or services, with equal consideration. We do not know of any case where one vendor was more minutely inspected than the other. No material is accepted with little or no inspection and no vendor has been so treated.

The heads of our department affected by your criticism have been instructed to continue in the practice of impartial inspection.

/s/GUY B. PANERO,
 G. P. Panero,
Assistant Project Manager.

[Copy]

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AUGUST 18.

Inspection and Receipt of Material.

CAPTAIN GEORGE N. KIBLER,
The Ferguson-Oman Company

1. Reference is made to your August 15 letter regarding treatment of vendors. In order to clarify and get into your records caused by our letter of August 12, we are specifically referring to the delivery of chert.

2. Observations on which the letter was based were made between the hours of 5:45 and 8:30, Tuesday, August 12. On this occasion, we saw the examination and receipt of the above material, observing that trucks belonging to one vendor, namely, the Cartwright Construction Company, were required to pull out of line into the Graball lot where they were examined closely by from two to three of your inspectors, who were basing their acceptance or rejection of material on a visual inspection. It is not believed by this office or competent inspecting engineers whom we have contacted that it is possible to determine by visual inspection

the quality of the material being delivered. The other vendor's drivers, namely, the Memphis Stone and Gravel Company, were not required to get out of line but went on to the receiving department where their loads were checked and dumped.

3. This office does not object to rigid inspection of any material being received on this job, believing that it is proper procedure to be followed, but it is necessary for us to object to one method of testing being used for one vendor and another method for the second. As stated in our August 12 letter, both vendors must be treated alike. The difficulty which arises by the treatment described above is that the truck drivers, who are independent contractors, get the idea that only one vendor is being favored on this job and are naturally going to haul for the vendor who is having the least difficulty.

4. It is our desire to obtain as much material from the low-price vendor as possible, and since this is interfered with by the above-mentioned conduct of the material inspectors, we call it to your attention for your prompt reprimanding of the offending parties. We appreciate your cooperation in this matter and trust that the offense will not reoccur in the future.

GEORGE N. KIBLER,
Captain, Quartermaster Corps.
Executive Officer.

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AUGUST 21.

Inspection and Receipt of Material.

Captain GEORGE N. KIBLER,
The Ferguson-Oman Company.

1. Reference is made to your August 15 letter regarding treatment of vendors.

2. Observations of chert deliveries was made by a representative of this office between the hours of 5:45 and 8:30 A. M., Tuesday, August 12. On this occasion, trucks belonging to one vendor, namely, the Cartwright Construction Company, were being required to pull out of line into the Graball lot where they were examined closely by from two to three inspectors of your organization. Material was being accepted or rejected on visual inspection. It is not believed by this office or competent engineers that it is possible to determine by visual inspection the quality of the material being delivered. The other vendor's drivers, namely, those of the Memphis Stone and Gravel Company, at this time were not being required to get out of line but went on to the receiving department where their loads were checked and dumped.

3. On one occasion five Cartwright trucks passed the gate without inspection and upon discovery by material receivers at site of road work that delivery slips had not been OK'd by inspectors, refused to accept materials until approved by inspectors. Memphis Stone and Gravel trucks at this time were being allowed to dump loads on road without approval of inspectors being shown on delivery slips.

4. This office does not object to rigid inspection of any material being received on this job, believing that it is proper procedure to be followed, but it is necessary for us to object to one method of testing being used for one vendor and another method for the second. As stated in our August 12 letter, both vendors must be treated alike. The trucks hauling chert are independently owned and haul for either vendor impartially when both are given the same treatment by the material checkers and receiving department. Such conduct reported above causes the trucks to haul for the vendor receiving preferential treatment.

5. It is desirable to obtain as much material from the low-price vendor, the Cartwright Construction Company, as possible, and since this is interfered with by the above-mentioned conduct of the material inspectors, your attention was called for your prompt reprimanding of the offending parties.

6. Your cooperation in this matter is appreciated.

GEORGE N. KIBLER,
Captain, Quartermaster Corps.
Executive Officer.

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AUGUST 28, 1941.

Purchase Order-Cartwright Construction Co.

Captain GEORGE N. KIBLER,

The Ferguson-Oman Company.

1. You are authorized to take the necessary steps for the issuance of a purchase order to the Cartwright Construction Company covering the delivery of chert to the Milan Ordnance Depot.

GEORGE N. KIBLER,
Captain, Quartermaster Corps,
Executive Officer.

cc: Chief Project Auditor.

SEPTEMBER 9, 1941.

MEMORANDUM

On or about May 27, 1941, I was assigned to duty as Assistant Constructing Quartermaster with the rank of captain at the Wolf Creek Ordnance Plant located near Milan, Tennessee.

On July 5, 1941, I received a personal call from Mrs. J. W. Cartwright, a partner in the Cartwright Construction Company, who wanted to know why her purchase order calling for the delivery of chert, a road-surfacing material, had been cancelled on July 3. At the time of Mrs. Cartwright's call, I knew nothing of the circumstances surrounding her contract for the delivery of chert on the project. Mrs. Cartwright informed me that the Cartwright Construction Company was having difficulties in making deliveries under the terms of the contract because of continual reports from the Contractor's inspectors that the chert did not meet with the proper specifications.

I undertook to investigate Mrs. Cartwright's complaint at once. A review of the files revealed that the Cartwright Construction Company was low bidder at \$1.63 per cubic yard with the Memphis Stone and Gravel Company second low bidder at the price of \$2.00 per cubic yard. The file further revealed that as of July 1 the amount of chert delivered by the Memphis Stone and Gravel Company was approximately 130,000 cubic yards with a dollar value of approximately \$250,000. The amount of chert delivered by the Cartwright Construction Company, on the other hand, was approximately 28,000 cubic yards with a dollar value of approximately \$45,000.

My investigation revealed that the award was made to the Cartwright Construction Company on March 27, and that after the aforementioned had made delivery for a period of approximately five days the Contractor, the Ferguson-Oman Company, had asked that the contract be cancelled on the theory that the Cartwright Construction Company was not delivering in accordance with the terms of the contract, nor was the chert meeting specifications. This request was made in a memorandum dated April 3, 1941, from C. G. Atkin, Project Manager, to Major Paul M. Brewer, Constructing Quartermaster, and was approved by the latter.

My investigation revealed that the Cartwright contract was not cancelled on April 3 as suggested and approved but rather Mr. Cartwright was given a 30-day period in which to install certain new equipment so that he could possibly carry out his contract obligations.

On April 3, the same day on which the suggestion was made that the Cartwright contract be cancelled and before he was afforded a 30-day period to gather new equipment, award was made to the Memphis Stone and Gravel Company for delivery of the chert needed on the project at \$2.00 per cubic yard.

I found that the Cartwright Construction Company resumed deliveries on May 12 and delivered through May 22, with periodic deliveries made from May 26 to July 3. In the meantime, the Memphis Stone and Gravel Company had been delivering regularly. On July 3 cancellation of the Cartwright contract was again requested by the Contractor on the theory that the contract terms were not being lived up to and that specifications were not being met. This was approved by the Acting Constructing Quartermaster, Captain Charles W. Carlton, Jr.

My investigation revealed that a systematic effort was being made by the employees of the Contractor to discourage truck owners and truck drivers from

working for Cartwright. Several affidavits substantiate my findings in this connection, and further, I have talked personally to several truck drivers and truck owners who substantiate the above.

It is clear that by discouraging and intimidating truck drivers that the Cartwright Construction Company would be unable to make deliveries as called for in the contract.

As a result of my investigation to this period, I called a conference attended by representatives of the Contractor as well as Mrs. Cartwright. In this conference, the Contractor's representatives claimed that the Cartwright Construction Company was unable to make deliveries because of lack of equipment at the quarry and because of lack of rented trucks. In this connection, I personally visited the Cartwright quarry and found the equipment there to be in good operating condition. The difficulty surrounding the rental of trucks has been explained above. Accordingly, I recommended to Captain Hofto that the Cartwright contract be reinstated, and as a result Cartwright resumed deliveries on July 13. In the meanwhile, the Memphis Stone and Gravel Company, which had been making continual deliveries since April 3, was stopped the moment the Cartwright contract was reinstated.

The Cartwright Construction Company made deliveries thereafter for approximately one week, and I found that their deliveries averaged well over the 2,000 cubic yards required by the contract terms. A week after Cartwright had resumed deliveries I found that there was a concerted attempt on the part of the Contractor's representatives to impede Cartwright deliveries on the theory that the chert did not meet specifications.

The Contractor claimed that sufficient quantities were not being received from Cartwright and asked permission to again receive supplies from the Memphis Stone and Gravel Company. Captain Hofto, for reasons best stated by himself, authorized the Contractor to receive new bids for the Milan Ordnance Depot. The Cartwright Construction Company continued to deliver under the terms of their purchase order to the Wolf Creek Ordnance Plant. The invitation for bids included a request for quotations on other materials than chert suitable for temporary road surfacing. Bids were received on July 26, and it was discovered that the Cartwright Construction Company was again low with an identical bid of \$1.63, the same as previously quoted. The Memphis Stone and Gravel Company bid \$1.75 per cubic yard on material to meet specifications and \$1.55 on the material not to meet specifications and known as "pit run". Bids on gravel and slag were higher than for chert. A study of the bids was made by me, and I recommended to Captain Hofto and the Contractor that the award be made to the Cartwright Construction Company in accord with proposal and specifications. The Contractor, in conference with Captain Hofto, requested that the Memphis Stone and Gravel Company also be given the award, and since I was not present at the conference my knowledge of same is hearsay. Award was made to the Memphis Stone and Gravel Company on August 8. Subsequently, Lt. Wise and I advised Captain Hofto that in our opinion legal difficulties would be encountered unless Cartwright was also awarded a purchase order since they were low bidder, and the new bids required the posting of performance and payment bond which had not been the case with the original awards.

Captain Hofto requested me to write a letter to the Contractor, notifying them to the effect for them to go ahead and issue this purchase order to the Cartwright Construction Company. At this writing the purchase order has not been completely processed, although the Cartwright Construction Company is now delivering under it and the purchase order will bear the date of August 26, 1941.

Mr. Cartwright took samples of his chert to the Barrow-Agee Laboratories at Nashville, Tennessee, who reported that the chert was well within the specifications called for. Following this report that the material was meeting specifications, I personally took samples obtained in the field to Nashville to the Barrow-Agee Laboratories whose test indicated the material would meet specifications. The Contractor's representatives were informed of these findings, but seemingly paid no attention whatsoever.

On August 12, I visited the job at 5:30 A. M. with the intention of observing the inspection and receipt of chert and found that the trucks of the Cartwright Construction Company were being very closely examined by the inspectors of the H. K. Ferguson Company and the Receiving Department of the Ferguson-Oman Company was requiring the shipping tickets to be signed by an inspector. The trucks of the Memphis Stone and Gravel Company were not being so examined nor were the shipping tickets being signed by the inspectors. A considerable

number of these trucks, loaded with Cartwright material, were rejected, and it was from these trucks that the samples referred to above were taken.

I wrote a letter to the Contractor notifying him that discrimination between vendors must stop, and that if inspectors or members of the receiving department were found guilty of such practices they would be subject to dismissal. The Contractor replied to this communication under the signature of Guy B. Panero, stating that they had not discriminated against vendors. In reply to this, a memorandum setting forth facts stated above was sent the Contractor and from our observations, conditions, so far as inspection is concerned, are improved. Our material checking department had received authority at approximately this time to increase their staff. Mr. Aekle, Supervising Auditor of Material, was instructed by me to have a Government inspector at the gate where chert was being received to require that both vendors be treated alike and that no chert which would pass specifications would be rejected. Mr. Aekle reported on Saturday, September 6, that the condition was well in hand and that both vendors were being treated alike and that the percentage of rejection for each vendor was approximately the same.

On July 31, before the second bids were acted upon, Mr. John Lord of the Ferguson-Oman purchasing department reported to me in confidence that he had reliable information that the Memphis Stone and Gravel Company in making their bid on July 26, 1941, was forced to bid two ways: first, according to specifications, and, secondly, an alternate which they called "pit run". Mr. Lord stated that if the Memphis Stone and Gravel Company got the bid on the higher price, namely, \$1.75, it would be necessary for them to pay off someone in the Contractor's office. If they got the job at \$1.55 they could afford to tell people "nothing doing" so far as a pay off was concerned. I called this matter to the attention of Captain Hofto, but since we had no assurance nor had we been approached by the Memphis Stone and Gravel Company we felt that it was impossible for us to act on this information, and in this connection a memorandum was dictated and placed in the files for further reference and information.

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GNK:cp
SEPTEMBER 23.

Delay in Unloading Chert
Captain GEORGE N. KIBLER,
The H. K. Ferguson Company.

1. The Chief Project Auditor and the Supervising Auditor of the Material Department have reported in detail an incident which occurred on September 11 after 7 P. M. They state on this date that an inspector for the Mississippi Testing Laboratories and the field checker from your organization left the job at 7 P. M. at which time 16 loads of chert were left uninspected.

2. The Government man on the job, Mr. P. N. Carlson, reports that these trucks arrived at the gate prior to the 7 P. M. deadline. The Government checkers and the drivers of the trucks were put to considerable inconvenience in order to get these loads delivered. In view of this apparent disregard of all common courtesy and interest in the job, it is requested that the Mississippi Testing Laboratories be informed that Mr. J. C. Luper, their inspector, guilty of such conduct, must be removed from the job and that you investigate to determine what member of your organization was present at that time and make arrangements for his prompt termination.

GEORGE N. KIBLER,
Captain, Quartermaster Corps,
Executive Officer.

cc: Chief Project Auditor.

CONFIDENTIAL

JULY 31, 1941.

Mr. John Lord of the Ferguson-Oman Purchasing Department reported that the Memphis Stone and Gravel Company in making their bid on July 26, 1941, were forced to bid two ways: first, according to specifications; and secondly, an alternate which they called "pit run".

Mr. Lord stated that if they got the bid on the higher price—namely, \$1.75—it would have been necessary for them to pay off to someone in the Contractor's office. If they got the job at \$1.55 they could afford to tell the people, "Nothing doing," so far as a pay-off is concerned.

He further stated that the gravel received would have been identical in either case.

I discussed the matter with Captain Hofto, and it is our opinion that according to the signed bid as received we cannot accept a bid from them at \$1.55, since none of the other bidders were given the privilege of bidding on this basis.

This information from Mr. Lord is confidential and is not to be discussed, disclosed, or used unless necessary in investigation or inquiry by higher authority.

GEORGE N. KIBLER,
Captain, Quartermaster Corps,
Executive Officer.

Witness: Cathryn C. Perkins.

(Mrs. S. L.) Cathryn C. Perkins.

Orig. w/5 copies.

The following affidavits are included in the record in connection with the testimony of Mrs. J. M. Cartwright, supra pp. 2963-2966.

AFFIDAVIT No. 7

[In connection with this affidavit see Affidavit No. 7-A on p. 3388. See also Affidavit No. 6-A on p. 3376]

STATE OF TENNESSEE,

County of Carroll.

Personally appeared before me the undersigned authority, A. Kingsley Ferguson; who being first duly sworn deposed as follows:

My name is A. Kingsley Ferguson. At the present time, I am living at Jackson, Tennessee, and I am employed by the Ferguson-Oman Company on the Wolf Creek Ordnance Plant and the Milan Ordnance Depot.

My attention has been called to the testimony of Capt. George N. Kibler and Mrs. Louise Cartwright with reference to the purchase of chert by the Ferguson-Oman Company from the Cartwright Construction Company at \$1.63 a yard and the purchase of chert from the Memphis Stone & Gravel Company at \$2.00 a yard, in which there is the intimation that the Ferguson-Oman Company has discriminated against the Cartwright Construction Company and purchased chert from the Memphis Stone & Gravel Company at \$2.00 per yard, which could have been obtained from the Cartwright Construction Company at \$1.63 per yard.

The Ferguson-Oman Company did not in any way discriminate against the Cartwright Construction Company. The Ferguson-Oman Company did not purchase chert at \$2.00 per yard which could have been obtained from the Cartwright Construction Company at \$1.63 per yard.

The facts in reference to the purchase of chert as a base on both temporary and permanent roads are as follows:

When this large project was started, in view of the fact that the project is located in a rural area without the benefit of rail delivery facilities at that time, it was necessary to obtain certain base material as promptly as possible because of the vital need for speed in the construction of the defense project. There were no adequate roads within the area and, therefore, the establishing of temporary roads was the first necessary step, in order to get the project underway.

The Ferguson-Oman Company first consulted with the I. C. Railroad, requesting that they submit a possible list of vendors for base materials. The reason for consulting with the railroad was that I was not familiar with the sources of supply of available base material in the locality of the project.

I solicited bids on base materials covering alternates as follows: stone, chert, and slag, also cinders which we found were not available in sufficient quantities.

Bids were received from the Franklin Limestone Company, the Memphis Stone & Gravel Company and the Birmingham Slag Company. The Cartwright Construction Company did not bid.

It was found that the cheapest material was chert as quoted by the Memphis Stone & Gravel Company at \$2.25 per yard. Their bid had the further advantage

of truck delivery on the job to the point of use on the project. Nevertheless, we realized the price was high and, therefore, purchased only a limited quantity of 10,000 cubic yards with the expectation of re-advertising and soliciting further bids in an effort to reduce the cost.

On February 11, 1941, after the original 10,000 cubic yards had been delivered and used, we re-advertised for bids and secured quotations from the Cartwright Construction Company, Memphis Stone & Gravel Company on chert and T. L. Herbert & Sons Company, Jack Smiley, and J. R. Caldwell on gravel. One hundred thousand cubic yards of chert was needed for temporary surfacing and a high quality of chert was not necessary. The bid of Memphis Stone & Gravel Company on No. 8 chert was low at \$1.70 per yard, as shown in the records in our office. Still endeavoring to reduce the price of chert, we purchased only 35,000 yards at \$1.70 per yard. The bid of the Cartwright Construction Company on No. 8 chert was \$1.75 per yard.

On March 17, 1941, it was necessary to increase the order to the Memphis Stone & Gravel Company from 35,000 to 45,000 yards, or an increase of 10,000 cubic yards. Although under the original bids we could have purchased 100,000 yards from the Memphis Stone & Gravel Company, this was not done, as we endeavored to get a better price on chert. During this time, final specifications for the chert required by permanent roads were being developed from the tests of the material by the Architect Engineer.

On March 19, 1941, specifications having been completed, we made a further effort to get satisfactory chert at a saving to the government and readvertised for bids on 150,000 cubic yards to meet the requirements of the Architect Engineer's approved specifications; which specifications covered a higher grade of chert than that previously obtained. The higher grade of chert required a higher metal content than we had previously obtained on \$1.70 bid.

The request for bids of March 19, 1941, specified that the bidders must be prepared and equipped to deliver a minimum of 2,000 cubic yards for each sixteen hours working day. Deliveries in large quantities had become necessary, due to the fact that necessary equipment was arriving on the job to handle this amount of chert. We impressed upon the bidders that failure to deliver the minimum quantity would seriously delay the work of the project and cause great unnecessary expense to the government, because the crew and the equipment would be forced to wait for the material to arrive and further due to delays on the building phase on the project caused by impassable roads.

Bids were received on the higher grade of chert now required as follows:

L. C. Gasser, Camden, Tennessee at \$2.25 per yard

L. O. Green, Camden, Tennessee at \$2.30 per yard

Memphis Stone & Gravel Co., Memphis, Tenn. at \$2.00 per yard

Cartwright Construction Co., Memphis, Tenn. at \$1.63 per yard

The Cartwright Construction Company was awarded the contract on the lowest bid of \$1.63. Mr. Cartwright acknowledged receipt of the order and stated that he would start immediate deliveries as per specifications. Purchase order which he signed contained the following provision: "It is understood that time is the essence of this purchase order".

From the time the Cartwright Construction Company started deliveries they were never able, with one or two exceptions, to deliver the minimum quantity required in their contract. Delivery of insufficient quantities constantly disorganized the large road crews hired to handle the chert in the quantities promised by Mr. Cartwright and resulted in unnecessary expense to the government because of the loss of labor and equipment on the project and substantial delay to the progress of the entire project. The quality of the material delivered by Cartwright Construction Company was poor as revealed by the inspection of the Architect Engineer and recorded in their reports.

This situation became so serious that the Ferguson-Oman Company was forced to recommend to the Constructing Quartermaster that the Cartwright order be cancelled in view of the fact that he had failed to meet any of the requirements of the contract. On April 4, 1941, Mr. Cartwright informed us that he had purchased a second-hand, or new, plant for installation at his pit and that in ten or twelve days he would be able to deliver the capacity. It was determined to allow Mr. Cartwright to continue deliveries without cancelling the order, pending installation of the new equipment because (A) we were reluctant to accept a higher bid and (B) we were reluctant to seriously handicap Mr. Cartwright financially, since he had already committed himself to extensive financial obligations in connection with his contract, which later developed were substantially beyond his means.

After this was done, it developed that Mr. Cartwright could not meet his promises to us of delivery of large quantities in ten to twelve days, because he had underestimated the length of time to install proper equipment. He was, therefore, given a consideration of thirty days grace period in which to properly equip his plant and meet the terms of his contract.

However, in order that the defense project be built, it was necessary to have chert and we were forced to buy the same on the next lowest bid, or that of the Memphis Stone & Gravel Company at \$2.00 per yard, during the period in which we were trying to get Cartwright to comply with his contract, and he was informed that we were buying the chert elsewhere. During the time when the Cartwright Construction Company was not meeting their contract, the roads had been graded, but because of the spongy condition of the soil and the recurring rains, the construction work was bogging down in the mud. This created a terrific expense to the government, which would have far exceeded the additional cost of the \$2.00 chert from the Memphis Stone & Gravel Company had the conditions been allowed to continue.

On April 18, 1941, the Cartwright Construction Company requested the Ferguson-Oman Company to assign his account to the Union Planters National Bank in Memphis, which request upon consulting with our attorney we were advised not to permit. This indicated that Mr. Cartwright was in further financial difficulties.

On May 9, 1941, the Cartwright Construction Company resumed deliveries and delivered approximately 156 yards. In the meanwhile, the Memphis Stone & Gravel Company had been delivering up to 3,500 yards per day. In the period from March 31, 1941, through June 10, 1941, on only one day, June 5, did Cartwright Construction Company exceed the 2000 yard requirement.

On June 18, 1941, a conference was held between Lt. Olsen of the United States Ordnance Department and Mr. Cartwright and, as a result, Lt. Olsen addressed a letter requesting that we give Cartwright Construction Company one more chance on the following Monday morning, but stated that the wisest thing to do would be to terminate the contract and obtain materials from a dependable company.

At some time during this period, a conference was held in the office of the Constructing Quartermaster, attended by Lt. Bruce, Capt. Kibler, and Lt. Nickelsen, all of the C. Q. M. office, Mr. Flowers, Mr. A. K. Ferguson, Mr. W. H. Faulk, Mr. Jack French, Mr. R. W. Kirby and Mr. Cartwright. At this time the reasons for the necessity of cancelling the order were very clearly stated.

On June 23, 1941, Cartwright Construction Company was written another letter giving them still another chance to fulfill the contract. On June 5, 1941, Mr. Jack French, Chief Inspector, advised that the samples of much of the material were still not meeting the specifications, as he had advised on repeated occasions before that time.

The Ferguson-Oman Company received certain information that the Cartwright Construction Company's checks were being returned by the bank marked insufficient funds.

On July 3, 1941, the Project Manager, Mr. C. G. Atkin, instructed Mr. Flowers, the Assistant Purchasing Agent of Ferguson-Oman Company, to cancel the contract order for their many and repeated failures to meet the delivery requirements, specifications, and terms of their contract. Cancellation of the order was approved by Capt. Charles W. Carlton, Acting Constructing Quartermaster, and notice was properly given.

On July 11, 1941, the order was re-instated by Capt. Kibler of the Constructing Quartermaster's office, who instructed Mr. Flowers to take the original cancellation to their office, removing it from our files and turning it over to them, including copies of Mr. Flowers' letter of July 3 to Cartwright Construction Company giving notice of cancellation. Mr. Flowers, the Assistant Purchasing Agent, called on Mr. Atkin, the Project Manager, and secured from him a written directive and authorization to comply with these instructions.

On July 23, 1941, we advertised for bids on base material for the M. O. D. Area and sent requests to twelve furnishers of material. We received only four bids, which were submitted to the Constructing Quartermaster without recommendation. We were, thereafter, instructed by the Constructing Quartermaster to issue a purchase order in accordance with Cartwright Construction Company's bid of \$1.63 per cubic yard, provided Cartwright Construction Company could comply with the requirements for Performance and Payment

Bond as requested in our Invitation to Bid. We were further instructed not to issue purchase order until a written directive was received from the Constructing Quartermaster authorizing its issuance.

On August 4, 1941, the Constructing Quartermaster's office was notified, following verbal repetitions, that the situation with reference to chert was extremely serious because approximately thirty miles of roadbed had been graded and opened, ready for chert, and, because of serious rain, regrading and redressing would be required costing many thousands of dollars putting them back in shape to receive the chert. As a result of this letter, we were authorized to purchase additional quantities of chert from the Memphis Stone & Gravel Company.

About this time, Mr. Cartwright with his attorney called on the Ferguson-Oman Company and conferred with Mr. Atkin and Mr. A. K. Ferguson. The subject of specified material was discussed and Mr. Atkin and Mr. Ferguson recommended to Mr. Cartwright that he retain a recognized engineering laboratory to make test of his chert before it left his plant to avoid the expense of so many rejected loads because of failure to meet the specifications.

Sometime later, Mr. Cartwright came to the Ferguson-Oman Company office with a laboratory report from the Barrow-Agee Laboratories in Memphis to the effect that the materials had met the specifications. These reports did not agree with our reports issued by the Mississippi Testing Laboratories, who had been retained for the purpose of making tests. Mr. Cartwright had taken samples from loads of chert which we had rejected and submitted them to the Barrow-Agee Laboratories. The materials he sent met the specifications. It is absolutely essential that a representative of the laboratory, in making tests of such materials, obtain representative samples and since the representative of the laboratory had not obtained these samples, the report was meaningless.

In the meantime, the Constructing Quartermaster notified Ferguson-Oman Company to notify the Memphis Stone & Gravel Company to cease shipments, but, thereafter, the Constructing Quartermaster granted authority to resume shipments from the Memphis Stone & Gravel Company for the Milan Ordnance Depot, these materials being vital to the construction of the project.

Shipments from both companies continued until their 95,000 yards had been secured from Memphis Stone & Gravel Company and more than 40,000 yards from Cartwright Construction Company.

With the advent of bad weather, it was important that the additional requirements be delivered at a rate of not less than 3,000 yards per day by the two available sources.

In the meantime, there was a strike of the drivers of both the Memphis Stone & Gravel Company and Cartwright Construction Company, demanding fifteen cents per yard increase for raw materials hauled.

With a further desire of saving the Government money wherever possible, a survey was made to see if material could not be obtained by railroad cars and be handled more economically and it developed that this procedure would cost more than the delivered price including the increase.

Both the Cartwright Construction Company and the Memphis Stone & Gravel Company refused to handle the material at the original price for delivery to the Milan Ordnance Depot. An increase in price of fifteen cents per cubic yard was verbally approved by the Constructing Quartermaster and shipments were resumed at the increased price applying to both companies. The increased price does not apply to the Cartwright Construction Company for delivery of chert to the Wolf Creek Ordnance Plant, because they are still hauling on the original purchase order.

A. KINGSLEY FERGUSON.

Sworn to and subscribed before me this 24 day of November 1941.

[SEAL]

WINFRED H. LANCASTER, *Notary Public*.

Registered as a Notary Public in Henderson, Carroll, and Gibson Counties, Tenn., as provided by chapter 193, Public Acts of Tennessee 1935.

My Commission Expires July 10th, 1945.

AFFIDAVIT No. 7-A

I, Mrs. J. M. Cartwright, having been sworn previously in this proceeding make the following statement in the further support of my testimony to Mr. H. G.

Robinson, knowing him to be an Investigator of the Special Senate Committee Investigating the National Defense Program.

I have read the transcript of testimony taken before the Special Senate Committee Investigating the National Defense Program and I wish to make certain corrections which were included in that transcript. Mr. Manier in discussing an affidavit submitted by A. K. Ferguson outlining the history of the chert situation, refers to a purchase order of February 3 given to the Memphis Stone and Gravel Company for 10,000 cubic yards at \$2.25 per cubic yard and states that the Cartwright Construction Company did not bid.

In this connection the Cartwright Construction Company was not asked to bid despite the fact that a letter was sent to the H. K. Ferguson Company at the Cleveland office long before the start of the project, in an effort to be considered at the time gravel was required on the project.

The first invitation to bid was shortly thereafter and the Cartwright Construction Company on February 11 submitted a bid of \$1.75 per cubic yard for No. 8 chert at \$1.70 per cubic yard for No. 7 chert. It is noted that the award was given to the Memphis Stone and Gravel Company on February 14 for 35,000 cubic yards at \$1.70 per cubic yard, despite the fact that their previous bid was \$2.25 per cubic yard and their price on subsequent orders for larger quantities was \$2.00 per yard.

Mr. Manier contends that efforts were made to obtain a better price on chert. However rather than request new bids the order held by the Memphis Stone and Gravel Company was increased from 35,000 cubic yards to 51,000 cubic yards on March 17 at the same price of \$1.70. Mr. Manier states that thereafter on March 19 a request for bids on 150,000 cubic yards was requested. Bids were received from numerous individuals including L. O. Green, Camden, Tennessee, and this individual is identified as a bidder submitting a bid undoubtedly on behalf of Marshall Priest, inasmuch as Green had no gravel pit and his sister works in the office of Marshall Priest.

As outlined by Mr. Manier, purchase order No. 1482 was issued to Cartwright Construction Company for 150,000 cubic yards on March 27 and verifies the fact that an extension of time was given to the Cartwright Construction Company in order to equip their plant. Also his statement that we had no plant at all when we took the contract was incorrect as we had two small plants operating at the time of the bid and we purchased all new equipment in order to perform on the bid and was not second-hand as outlined.

Mr. Manier further outlines that an attempt was made to cancel this contract on April 3 and it is interesting to note that on this same date a purchase order No. 1704 was issued to the Memphis Stone and Gravel Company for 150,000 cubic yards at \$2.00 per cubic yard. This is an increase over the price by which they had successfully obtained the previous bid on February 14.

The procurement of new equipment represented a considerable outlay and on April 18 we requested the Ferguson Oman Company to grant an assignment of our account to a bank in order that we could obtain the necessary financing. This was not an unusual procedure. However it is apparent that Mr. Manier discouraged this procedure and, failing in this, we obtained financing through an individual at Brownsville, Tennessee to whom we pay 5¢ per cubic yard. It was in connection with working out the arrangements with this individual that Mr. Manier was contacted by Mr. Gray as he has outlined.

We have never asked the Ferguson Oman Company to finance the Cartwright Construction Company and only asked for an assignment of our account to a bank which was ready to underwrite our financial requirements. On May 9 our plant went into full operation and deliveries were resumed and after delivering for two or three days we were shut off and the deliveries on May 9 of 193.6 cubic yards are correct inasmuch as all the trucks had been instructed not to haul for the Cartwright Construction Company and despite the capacity of our plant we could not get sufficient trucks for delivery.

I then took the matter up with Mr. French who was cooperative at that time and he personally made a trip to Camden to speak to the truck drivers who were loitering around the court house square rather than haul for the Cartwright Construction Company. The effect of Mr. French's visit was that the following day we had 99 trucks ready to haul. It was about this time that Hamilton Bush, at the suggestion of Mr. French, was employed at our pit up to June 30 and during the time he was at the pit no material rejected. On July 3 we again resumed deliveries and according to the testimony Mr. Atkins instructed Mr. Flowers to cancel our contract on this same date.

On July 5 Mr. Flowers advised me that he desired to cancel the contract and on that same date I contacted various individuals at the project without result and finally called on Captain G. N. Kibler, executive officer, and this was the first time I had occasion to meet him. On July 9 Captain Kibler in company with another officer made an inspection of our plant at Camden, Tennessee and on July 11 our contract was reinstated by Captain Hofto upon the recommendation of Captain Kibler.

We again resumed deliveries on July 14. At the time the contract was cancelled Captain Kibler obtained from me my cancellation notice although I attach to this affidavit the notice of reinstatement. At the time we resumed deliveries on July 14 the deliveries by the Memphis Stone and Gravel Company were stopped. On July 23 a request for bids for the Milan Ordnance Depot was made. On July 24 I received a telegram⁴ copy of which is attached, submitting alternate bid for delivery by railroad and on that same date I received another telegram cautioning me that the bid submitted be on the basis of 4,000 cubic yards per day.

Accordingly another unit was installed at our plant which unit is still erected and we were prepared to meet this delivery requirement. It is apparent that in planning the road program the contractor shut off deliveries of chert until he had extensive amounts of road open and Mr. Ferguson testified in his affidavit that at one time on August 4, 30 miles of road bed had been open and it was urgent that it be covered before any damage could be done by the weather.

Mr. Gossert, my field superintendent, has reported that in preparing roads the contractor would not permit the chert to be placed on the road as it progressed and the road would be completed before starting to cover from the end most recently prepared. This had the effect of making the requirement of chert spasmodic and in peaks so that the contractor would undoubtedly have sufficient reason for calling in deliveries by the Memphis Stone and Gravel Company at the higher price.

Had the road program followed an intelligent coordination we could have at all times kept abreast of the road construction with our deliveries of chert and to have 30 miles of road out of a total of 195 miles open and uncovered at one particular time would indicate at least a lack of intelligent planning. On July 25 we received the request for a new bid which stipulated that it had to be on file by July 26 and despite the increased requirements of 4,000 cubic yards we made preparation to meet them.

It was in delivering this bid that Mr. Gossert overheard the conversation concerning which he has submitted a separate affidavit. I have been advised that it was on July 31 that John Lord contacted Captain Kibler with reference to the alternate bid for pit-run material submitted by the Memphis Stone and Gravel Company and I have been further advised that it was on this date that Captain Kibler made an analysis of the bids submitted and rejected the alternate bid submitted by the Memphis Stone and Gravel Company.

It was also at about this time that rejection of material started in earnest with 53 loads rejected on July 30, 35 loads on August 1 and 29 loads on August 2, as indicated by the attached schedule. Mr. Manier made the comment that he did not think we could make the bond requirement contained in this invitation to bid and in this connection we contacted the Ferguson Oman Company and had them withhold ten thousand in cold cash from the amounts due us and there was never any question about the bond as contained in the original invitation.

Despite this fact it is to be noted that on August 8, purchase order No. 10188 was issued to the Memphis Stone and Gravel Company for 95,000 cubic yards at \$1.75 per cubic yard which is higher than the price submitted by the Cartwright Construction Company, pursuant to the invitation to bid, which invitation is attached to this affidavit.

Mr. Manier is confused in his contacts with Mr. Gray inasmuch as these contacts were back in May at the time we were financing our new plant and not in connection with any bond requirements. Mr. Manier is also confused with respect to the details surrounding the tests made by various laboratories of the quality of the chert delivered by the Cartwright Construction Company inasmuch as in one instance, one of our truck drivers obtained a specimen at random from a rejected road and Captain Kibler's samples were obtained from rejected samples in possession of the Ferguson Oman Company's inspectors.

On August 18 we were requested for a further bond and on August 19 the contractor agreed to accept a performance bond of \$32,000 and payment bond of \$32,000. In order to satisfy the contractor with a bond entirely acceptable I obtained specimen forms covering the bond on an electrical contract from Mr. Atkins and thereafter it was necessary for me to make three trips to Memphis

to have this bond written before it suited the exacting requirements. Thereafter on August 26 purchase order No. 10244 was issued for 40,000 cubic yards and received by us on Sept. 10, by registered mail, instead of 95,000 cubic yards on which we had bid and which order had been awarded on August 8 to the Memphis Stone and Gravel Company, despite our lower price of \$1.63.

At that time the delivery requirements were reduced to the original 2,000 cubic yards per day despite the fact that we had installed additional equipment and were prepared to meet the additional delivery requirements. I have been informed that this contract was given to us as a result of a directive to the contractor to do so by Captain Kibler.

On September 6 the contractor notified the bonding company by phone and on September 7 addressed a communication to the bonding company alleging that we had violated the terms of our contract. This was answered by a communication, a copy of which I am attaching to this affidavit, and despite Mr. Manier's contention that he had advised against calling on the bonding company for a breach of contract the attached communication indicates that a definite attempt had been made to declare a breach.

Mr. Manier is also confused in pointing out that the strike of the truck drivers had any bearing on the bid under review, inasmuch as this did not happen until November 5 and 6. On October 6 after Congressional Investigation had started the specifications on chert were revised as per attached change order and subsequent to that date the difficulties on rejected material have been alleviated. On December 10 purchase order No. 10841 was awarded to the Cartwright Construction Company for 35500 yards of chert at \$1.78.

I am unaware of any of the underlying causes which prompted the activities on the part of the employees of the contracting organization but I definitely assert that the difficulties in obtaining truck drivers willing to haul, the rejection of material, the arbitrary attitude on inspection of materials, the curtailment of deliveries and the sudden rush for material necessitating calling in the Memphis Stone and Gravel Company, the attempt to cancel my contract, the bond requirement and the attempt to declare the bond breached and the subsequent modification of specifications, at least establishes a situation which would warrant a complete and thorough investigation.

(Signed) Mrs. J. M. CARTWRIGHT.

Sworn to and subscribed to before me, at Office in Camden, Tennessee, this January 27, 1942.

[SEAL]

E. W. THOMAS,
Clerk and Master.

[The following data are attached to Affidavit No. 7-A]

Office of
CONSTRUCTING QUARTERMASTER
Wolf Creek Ordnance Plant
Milan, Tennessee

REINSTATEMENT OF PURCHASE ORDER No. 1482

Cancellation No. 64-A
Date: JULY 11, 1941.

TO FERGUSON-OMAN COMPANY,
Milan, Tennessee

Purchase Order No. 1482 to Cartwright Construction Company is hereby reinstated and Cancellation No. 64 is hereby revoked. Purchase Order 1482 is again in force effective July 11, 1941.

Remarks: The Constructing Quartermaster on investigation has determined that it will be in the interests of the Government to keep the purchase order with the Cartwright Construction Company in effect, and purchases from them will be continued. The Cartwright Construction Company has submitted a written statement to the effect that they are now in a position to deliver amounts called for in the purchase order and they have taken steps to control the quality of chert delivered. Reports from the Mississippi Testing Laboratories indicate that since May 16 the vendor has been successful in controlling the quality of chert so that except in a few cases it has met the standards set up in the specifications.

GLEN E. HOFTO,
Capt. Q. M. C.,
Constructing Quartermaster.

H. K. Ferguson Company, of Cleveland, Ohio, and Oman Construction Company, of Nashville, Tennessee, have associated themselves for the execution of a joint contract with the UNITED STATES GOVERNMENT; for the construction of Wolf Creek Ordnance Plant, near Milan, Tennessee. Address all mail and invoices to Milan, Tennessee.

FERGUSON-OMAN COMPANY

REQUEST FOR BID

No. 2544
JULY 23, 1941.

Contract W-7011-qm-2.
Project Milan Ordnance Depot.
Requisition No. MOD 40,011.

TO: ROAD SURFACING MATERIALS

GENTLEMEN: In connection with the construction of Milan Ordnance Depot, Milan, Tennessee, it is requested that you submit your bid on items listed below:

Job Requirements Furnishing and delivering Approximately ~~95,000~~ 40,000 cu. yd. more or less road surfacing materials—crushed stone, crushed gravel, crushed slag, or crushed chert with binder in strict accordance with Specification MAD-P-14, dated July 11, 1941, and MAD-P-14 Addendum #1, dated July 22, 1941 at the Milan Ordnance Depot at or near Milan, Tenn., Crushed slag shall weigh not less than 70 lbs. per cubic foot, loose measurement.

The successful bidder shall be equipped to deliver not less than 2,000 cu. yd. of material per day for each 16 hours' working time.

Bidders may submit alternate bids for materials dumped in place on roads as designated by the Ferguson-Oman Company, or may submit bids f. o. b. cars railroad delivery. In the event bids are submitted f. o. b. cars railroad delivery, the price shall be submitted on a per ton basis, and bidder must certify as to the weight of his materials per cubic yard.

Bidders are required to accompany bids with Bidder's Bond or certified check in amount \$10,000, payable to the Ferguson-Oman Company, as a guarantee that the successful bidder will make bond within five (5) days from the date of the award of the contract. Bidder will also be required to make Performance Bond to the extent of 50 per cent of the amount of the contract and Payment Bond to the extent of 50 percent of the amount of the contract within five (5) days after award of the contract.

The right is reserved to reject any and all bids and to waive any and all formalities or technicalities.

In connection with the construction of Milan Ordnance Depot, Milan, Tennessee, it is requested that you submit your bid on items listed below:

Bidders must submit with their bids a sample of the material on which they are bidding.

Bids must state definite time on which delivery can begin.

Specification MED-P-14 and HAD-P-14 Addendum #1 attached hereto. Bidder must acknowledge receipt of Addendum #1.

Bids will be received until 12:00 Noon Saturday, July 26th, and will be opened for consideration Monday morning July 28th.

Bidders may submit bids on alternate materials which are equal to the specifications attached herewith, but the Ferguson-Oman Company reserves the right to decide whether these materials are equal or not.

Bids will be received until 12:00 Noon Saturday, July 26, 1941.

Prices must be made delivered to us at f. o. b. Job Site.

FERGUSON-OMAN COMPANY
By QUIN FLOWERS

These materials are needed in connection with the emergency construction under the national defense program. Please rush.

[Western Union]

AUGUST 18, 1941.

CARTWRIGHT CONSTRUCTION COMPANY,
Camden, Tennessee:

Please refer our request for bid number 2544 dated July 23. Can you furnish us with performance bond required by inquiry at once so that we can proceed with awarding of new contract for chert requirements of Milan ammunition depot.

FERGUSON OMAN COMPANY,
C. G. ATKIN.

[The H. K. Ferguson Company, of Cleveland, Ohio, and Oman Construction Company, of Nashville, Tennessee, have associated themselves for the execution of a joint contract with the UNITED STATES GOVERNMENT, for the construction of Wolf Creek Ordnance Plant, near Milan, Tennessee. Address all mail and invoices to Milan, Tennessee.]

FERGUSON-OMAN COMPANY,
Milan, Tennessee, August 19, 1941.

Registered Mail Return Receipt Requested.

CARTWRIGHT CONSTRUCTION COMPANY,
Camden, Tennessee.

Attention: Mr. J. M. Cartwright.

GENTLEMEN: In accordance with conversation in Mr. Atkin's office in the presence of Messrs. Ferguson, Faulk, Van Dyke and yourself, we are requesting that you provide us with a Performance Bond in the amount of \$32,000 and a Payment Bond in the same amount on receipt of which we will issue our order for approximately 40,000 cubic yards (plus or minus) of the chert requirements for the Milan Ordnance Depot.

This order will be based on your ability to deliver not less than 2,000 cubic yards of material per day for each 16 hour working day, or less as required by our construction operations, in accordance with our specifications.

In all other respects requirements are as outlined on our request for bid #2544 dated July 23, 1941 in answer to which we have received your quotation.

Very truly yours,

FERGUSON-OMAN COMPANY,
E. J. WHITCHER,
Director of Purchasing.

EJW:1

[Postal Telegraph]

CA1 71 6 Extra—NASHVILLE, TENN., via Ripley, Tenn 24 73SP.

CARTWRIGHT CONSTN Co.,
Camden, Tenn:

Our request for bids for road surfacing materials states that bidders must be equipped to deliver a minimum of 4000 cubic yards for each 16 hours working time per day if you are not in position to meet this requirement you must state so in your bid and also state quantity you are in position to deliver per day, which your bond must also indemnify.

FERGUSON OMAN Co.,
QUIN FLOWERS,
Milan, Tenn.

[Duplicate of telegram telephoned]

[Postal Telegraph]

MH31 21 2 Extra—RIPLEY, TENN., 24 112P.

CARTWRIGHT CONSTN Co.,
Camden Tenn.

Regarding invitation for road surfacing material bids you will also quote prices fob cars for railroad delivery your plant.

FERGUSON OMAN Co.,
QUIN FLOWERS,
Milan, Tenn.

[Duplicate of telegram telephoned]

The H. K. Ferguson Company, of Cleveland, Ohio, and Oman Construction Company, of Nashville, Tennessee, have associated themselves for the execution of a joint contract with the United States Government for the construction of Wolf Creek Ordnance Plant, near Milan, Tennessee. Address all mail and invoices to Milan, Tennessee.

FERGUSON-OMAN COMPANY
MILAN, TENN.

PURCHASE ORDER No. 10244. Order number must be plainly shown on each item, package, correspondence, and invoice. Complete PACKING LIST must accompany each shipment.

Original
To Vendor
To CARTWRIGHT CONSTRUCTION CO.—MILAN ORDNANCE DEPOT.
Address: Camden, Tennessee.

Date: AUGUST 26, 1941.

Please enter the following order in accordance with the conditions and terms of your accepted bid and/or contract dated QF:FRH and in conformity with conditions and instructions on reverse side hereof.

Description: Furnish and deliver, when and as required, approximately 40,000 cu. yd. road surfacing material, chert with binder, all in strict accordance with specification MAD-P-14 and specification MAD-P-14, addendum #1, a copy of specification being hereto attached and made a part hereof.

Delivery to be made in trucks to job site and dumped at points on roads on reservation as designated by vendee. Vendor must be prepared and equipped to deliver to job site at points on roads as designated by vendee a minimum of 2,000 cu. yd. for each 16 hours' working time per day, if required to do so by vendee.

Failure to make delivery at this rate if required, or failure of materials to meet specifications, upon same having been tested by a laboratory acceptable to vendee and found by said laboratory not to meet specifications, shall be sufficient cause for cancellation of purchase order upon vendor's being given notice thereof by registered mail by vendee of such cancellation. Vendor hereby agrees to carry out the provisions of this purchase order and in strict accordance with the specifications, except that the specifications state that vendor must be prepared to deliver 4,000 cu. yd. per day, and vendee hereby allows vendor to deliver a minimum of 2,000 cu. yd. for each 16 hours' working time per day. In the event vendor fails to meet specifications or fails to deliver materials as required by vendee, then and in that event, vendor's having been given notice by registered mail the vendee may cancel the agreement immediately without acceptance of cancellation on the part of the vendor. Vendor guarantees unit price of \$1.63 per cu. yd. for duration of job without any increase in unit price, as per vendor's bid dated July 26, 1941. Quantities are subject to increase or decrease without any additional change in unit price at the option of vendee.

Contract No. W-7011-qm 2

Ship to: UNITED STATES CONSTRUCTION QUARTERMASTER
At: Milan, Tenn. M.O.D.
For account of: Ferguson-Oman Company.

Ship by _____ Via _____ F. o. b. _____
Terms: Net _____ Days, less _____ % _____ Days Shipments Must Start
By _____ And Be Completed By _____ Mark Packages, Cases, Etc.
with Above Purchase Order Number, Special Number of Each Package, Weight
of Each Package, Vendor's Name, and the Following Special Markings _____

IMPORTANT: SEE REVERSE SIDE OF THIS SHEET

(Stamped:) QUARTERMASTER	FERGUSON-OMAN COMPANY
Requisition No. _____	_____
Job No. _____	Purchasing Agent.
Appropriation _____	Approved by: _____
Sub. Item _____	_____
Contract _____	For the Construction
Entered on Purchase Order Record By _____	Quartermaster.

[Reverse side]

This order is placed for the benefit of, and is assignable to, the United States Government.

This purchase order does not bind, nor purport to bind, the United States Government or Government officers thereunder.

Terms of payment as stated on obverse side of this purchase order are understood to be effective upon arrival at destination and acceptance of material by properly accredited U. S. Government officers or representatives having jurisdiction over same, and of properly executed bills of lading (or shipping papers) and receipt of certified invoice. Material must be delivered and accepted before invoice date is effective.

The following instructions must be followed explicitly:

CONDITIONS AND INSTRUCTIONS

1. Acknowledgment: Immediate acknowledgment required, with full delivery information. Unless acknowledged immediately we reserve the right to cancel.

2. Quality: Material is subject to buyer's inspection and approval, at a reasonable time after delivery; if specifications are not met, material may be returned at seller's expense.

3. Discount: Calculated from the date acceptable invoice is received by the buyer.

4. Bill of lading: Immediately upon shipment mail to Ferguson-Oman Company at Wolf Creek Ordnance Plant, Milan, Tenn.

A. Original and two (2) copies, or if shipment not made by railroad, comparable paper in triplicate must accompany invoice.

BILLS OF LADING ETC. MUST READ

United States Construction Quartermaster
at Wolf Creek Ordnance Plant, Milan, Tenn.

Account of Ferguson-Oman Company

and Must Also Bear Purchase Order No.-----

B. Six (6) copies of invoice, properly filled and certified as follows:

I certify that the above bill is correct and just; that payment therefor has not been received; and that except as noted below or otherwise indicated herein all unmanufactured articles, materials, or supplies furnished under this invoice have been mined or produced in the United States and all manufactured articles, materials, or supplies have been manufactured in the United States substantially all from articles, materials, or supplies mined, produced, or manufactured, as the case may be, in the United States; and that State or local sales taxes are not included in the amounts billed.

(Sign in ink)-----Title

5. Drafts: Will not be honored.

6. Packages: Must bear buyer's order number and show gross, tare, and net weights and/or quantity. No charge allowed by buyer unless otherwise agreed.

7. Cartage: No charge allowed by buyer unless otherwise agreed.

8. Trucking: Interstate truck shipments must be made by carrier authorized under the Motor Carrier Act of 1935, if made by unlicensed carrier shipment will be subject to rejection.

9. Taxes: The seller agrees to pay any taxes imposed by law, taxes will be set apart separately on all invoices.

10. Patents: Seller warrants that the use or sale of the material delivered hereunder will not infringe the claims of any patent covering the material itself; but does not warrant against infringement by reason of the use thereof in combination with other materials or in the operation of any process.

11. Invoices: Render separate invoices for each and every shipment.

12. Changes: Make no changes in filling this purchase order as to quantities, descriptions, prices, F. O. B. points, etc., except upon direct authority from our purchasing department.

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13. Shipping: Immediately upon shipping mail to the contractor 3 copies of tally and shipping memo; enclose tally or shipping memo in each package, or tack same inside each car door. Mark vendor's name and purchase order number on all tallies or memos.

Full compliance with the above will expedite payment.

The H. K. Ferguson Company, of Cleveland, Ohio, and Oman Construction Company, of Nashville, Tennessee, have associated themselves for the execution of a joint contract with the UNITED STATES GOVERNMENT, for the construction of Wolf Creek Ordnance Plant, near Milan, Tennessee. Address all mail and invoices to Milan, Tennessee

FERGUSON-OMAN COMPANY

MILAN, TENN.

PURCHASE ORDER

No. 10244

ORDER NUMBER must be plainly shown on each item, package, correspondence, and invoice. Complete PACKING LIST must accompany each shipment.

Original
Vendor

To: CARTWRIGHT CONSTRUCTION CO., MILAN ORDNANCE DEPOT.

Address: Camden, Tennessee.

Date: AUGUST 26, 1941.

Please enter the following order in accordance with the conditions and terms of your accepted bid and/or contract dated QF:FRH and in conformity with conditions and instructions on reverse side hereof.

Bidder has submitted payment bond in amount of \$32,000.00 and performance bond in amount of \$32,000.00 to guarantee payment of all labor and materials and to cover faithful performance of this purchase order.

Delivery shall not begin until after this purchase order has been accepted in writing by the vendor. Upon notification by vendee, the vendor shall begin deliveries in such quantity and in the amount set forth in this purchase order until such time as the requirements of the vendee have been satisfied hereunder. Vendee reserves right to decrease the amount to be delivered per day if vendee so desires.

Payment is to be made on or about the fifteenth of each month for all accepted deliveries made during the preceding month.

Accepted:

CARTWRIGHT CONSTRUCTION COMPANY,
By JAMES M. CARTWRIGHT.
James M. Cartwright.

Witness: Mrs. Elizabeth Boaz.

Address: 369 Marianna St., Memphis, Tenn.

Witness: M. L. Morris.

Address: 129 N. Waldran, Memphis, Tenn.

(Stamped:) QUARTERMASTER.

Contract No. W-7011-qm 2

Ship to: UNITED STATES CONSTRUCTION QUARTERMASTER.

At: Milan, Tenn. M. O. D. Milan-Ordnance Depot, Wolf Creek, Gibson Co., Tenn. For account of: Ferguson-Oman Company.

Ship by quickest possible rt. via trucks, f. o. b. job site.

Terms: Net, see above. Days, less, see above. Shipments must start by (see above) and be completed by (see above). Mark packages, cases, etc. with above purchase order number, special number of each package, weight of each package, vendor's name, and the following special markings.

Important: See reverse side of this sheet

Requisition No
Job No.: U-5-43
Appropriation: QM-18012 P2 3211
A 0540-12
Sub. Item
Contract: W 7011-QM 2
Entered on Purchase Order Record By

FERGUSON-OMAN COMPANY,
PENN FOMLEY, *Purchasing Agent.*
Approved by:
C. H. BRUCE,
C. H. Bruce, 1st Lt., Q. M. C.
For the Construction Quartermaster
Lt. C. H. BRUCE, Q. M. C.
Special Assistant, C. Q. M.

[Reverse side]

This order is placed for the benefit of, and is assignable to, the United States Government.

This purchase order does not bind, nor purport to bind, the United States Government or Government officers thereunder.

Terms of payment as stated on obverse side of this purchase order are understood to be effective upon arrival at destination and acceptance of material by properly accredited U. S. Government officers or representatives having jurisdiction over same, and of properly executed bills of lading (or shipping papers) and receipt of certified invoice. Material must be delivered and accepted before invoice date is effective.

The following instructions must be followed explicitly:

CONDITIONS AND INSTRUCTIONS

1. Acknowledgment: Immediate acknowledgment required, with full delivery information. Unless acknowledged immediately we reserve the right to cancel.

2. Quality: Material is subject to buyer's inspection and approval, at a reasonable time after delivery; if specifications are not met, material may be returned at seller's expense.

3. Discount: Calculated from the date acceptable invoice is received by the buyer.

4. Bill of lading: Immediately upon shipment mail to Ferguson-Oman Company at Wolf Creek Ordnance Plant, Milan, Tenn.

A. Original and two (2) copies or if shipment not made by railroad, comparable paper in triplicate must accompany invoice.

BILLS OF LADING ETC. MUST READ

United States Construction Quartermaster
at Wolf Creek Ordnance Plant, Milan, Tenn.

account of Ferguson-Oman Company

and must also bear purchase order No. -----

B. Six (6) copies of invoice, properly filled and certified as follows:

I certify that the above bill is correct and just; that payment therefor has not been received; and that except as noted below or otherwise indicated herein all unmanufactured articles, materials, or supplies furnished under this invoice have been mined or produced in the United States and all manufactured articles, materials, or supplies have been manufactured in the United States substantially all from articles, materials, or supplies mined, produced, or manufactured, as the case may be, in the United States; and that State or local sales taxes are not included in the amounts billed.

(Sign in ink) ----- Title

5. Drafts: Will not be honored.

6. Packages: Must bear buyer's order number and show gross, tare, and net weights and/or quantity. No charge allowed by buyer unless otherwise agreed.

7. Cartage: No charge allowed by buyer unless otherwise agreed.

8. Trucking: Interstate truck shipments must be made by carrier authorized under the Motor Carrier Act of 1935, if made by unlicensed carrier shipment will be subject to rejection.

9. Taxes: The seller agrees to pay any taxes imposed by law. Taxes will be set apart separately on all invoices.

10. Patents: Seller warrants that the use or sale of the material delivered hereunder will not infringe the claims of any patent covering the material itself; but does not warrant against infringement by reason of the use thereof in combination with other materials or in the operation of any process.

11. Invoices: Render separate invoices for each and every shipment.

12. Changes: Make no changes in filling this purchase order as to quantities, descriptions, prices, f. o. b. points, etc., except upon direct authority from our purchasing department.

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13. Shipping: Immediately upon shipping mail to the contractor 3 copies of tally and shipping memo; enclose tally or shipping memo in each package, or tack same inside each car door. Mark vendor's name and purchase order number on all tallies or memos.

Full compliance with the above will expedite payment.

[Front side of envelope]

FERGUSON-OMAN COMPANY
MILAN, TENNESSEE

(U. S. postage)

REGISTERED MAIL

CARTWRIGHT CONSTRUCTION COMPANY

CAMDEN, TENNESSEE

Registered No. 1307

[Reverse side of envelope]

(Postmark stamps): Milan, Tenn., Sept. 9, 1941. Registered.
Camden, Tenn., Sept. 10, 1941. Registered.
(Third stamp illegible.)

RECEIPT FOR REGISTERED ARTICLE NO. 1563. 9:30 a. m.
(Stamped postmark:) Milan, Tenn.,
Sept. 22, 1941

15 fee paid. 1 class postage paid. 9-22-1941.

Declared value, \$ N. V. Surcharge paid, \$ None.

From Cartwright Con. Co., Camden, Tenn.

Addressed to Ferguson-Oman, Milan, Tenn.

Accepting employee will place initials in space below, indicating restricted delivery
Return receipt fee 3¢. Delivery restricted to addressee, in person ----- or or-
der ----- Fee paid ----- Special delivery fee ----- Postmaster, per
MCH.

[Front side of card]

Penalty for private use to avoid payment of postage, \$300

POST OFFICE DEPARTMENT

Official Business

(Stamped postmark): Milan, Tenn., Sept. 23, 1941, 10 a. m.

Return to Cartwright Con. Co.

Street and Number, or Post Office Box -----

Registered article No. 1563, insured parcel No. -----

Post Office, Camden, State, Tennessee.

[Reverse side of card]

Form 3811
Rev 1-4-40

RETURN RECEIPT

Received from the Postmaster the Registered or Insured Article, the original num-
ber of which appears on the face of this Card.

1. Ferguson-Oman Co.

2. Sam Sample.

Date of delivery 9-23, 1941.

CARTWRIGHT CONSTRUCTION COMPANY

SAND, GRAVEL AND ROAD MATERIALS

CAMDEN, TENN, *September 22, 1941.*

FERGUSON-OMAN COMPANY,
Milan, Tennessee.

DEAR SIRs: On Friday September 19th., we received from American Surety Company a copy of your letter to it of September 17, 1941.

We emphatically state that the statements contained in your letter above mentioned and the similar statement in your telephone notice to the Surety of September 6th., and your letter to the Surety of September 13th., are not supported by the facts and that no default exists with respect to the deliveries required of us under our contract. In each of the previous instances we have already called this to your attention.

If there is taken into consideration only materials actually accepted, the same are sufficient to meet the quantities required.

Further, this is to formally protest against the large number of loads that have been rejected without adequate or proper inspection and your conduct in refusing our request to assure a fair inspection as required by the contract. Your conduct in this and other respects being manifestly undertaken in an effort to prevent our performance of the contract.

We are sending a copy of this letter to the office of the Constructing Quartermaster so that he may be advised of our position.

Very truly yours,

CARTWRIGHT CONSTRUCTION COMPANY,
By _____

Jr. Oct. 6, 1941 Change of order—Form AB114

Construction Division Q. M. C. Form AB 114

MILAN ORDNANCE DEPOT—FERGUSON-OMAN Co.

Milan, Tenn.

Change of purchase order No. 10244. Change No. 76

To: CARTWRIGHT CONSTRUCTION COMPANY

Address: Camden, Tennessee

Please change our purchase order No. 10244 dated 8-26-41 to read as follows:

Items: Change specifications of chert with binder, amend paragraph "C" to allow a plastic index of 4 to 12 and allow the silt to be up to 60 per cent in excess of clay as long as the other requirements of these specifications are met. This in accordance with engineering change Notice #117.

(Stamped:) QUARTERMASTER.

1. Class'n appropriation sub item contract: No change.

FERGUSON-OMAN Co.,
QUIN FLOWERS, *Purchasing agent.*

Approved:

C. H. BRUCE,
Spec. Asst. C. Q. M.,
For the Constructing Quartermaster.

3400 INVESTIGATION OF THE NATIONAL DEFENSE PROGRAM

Jr. Oct. 6, 1941 Change of order—Form AB 114

Construction Division Q. M. C. Form AB 114

FERGUSON-OMAN Co.—WOLF CREEK ORDNANCE PLANT

MILAN, TENN.

Change of purchase order No. 1482. Change No. 821

To: CARTWRIGHT CONSTRUCTION COMPANY

Address: Camden, Tennessee.

Please change our purchase order No. 1482, dated 3/27/41, to read as follows:

Items: Change specifications of chert with binder. Amend paragraph "C" to allow a plastic index of 4 to 12 and allow the silt to be up to 60 per cent in excess of clay as long as the other requirements of these specifications are met. This in accordance with engineering change notice #117.

(Stamped:) QUARTERMASTER.

I. Class'n appropriation sub item contract: No change.

FERGUSON-OMAN Co.,
QUIN FLOWERS, *Purchasing Agent.*

Approved:

C. H. BRUCE,
Spec. Asst. C. Q. M.
For the Constructing Quartermaster,

The H. K. Ferguson Company, of Cleveland, Ohio, and Oman Construction Company, of Nashville, Tennessee, have associated themselves for the execution of a joint contract with the United States Government, for the construction of Wolf Creek Ordnance Plant, near Milan, Tennessee. Address all mail and invoices to Milan, Tennessee

FERGUSON-OMAN COMPANY

MILAN, TENN.

PURCHASE ORDER NO. 10841. Order number must be plainly shown on each item, package, correspondence, and invoice. Complete Packing list must accompany each shipment. Also show Req. No. MOD-40123 B partial

Original

To Vendor

To CARTWRIGHT CONSTRUCTION Co.—MILAN ORDNANCE DEPOT

Address: Camden, Tennessee

Please enter the following order in accordance with the conditions and terms of your accepted bid and/or contract dated ----- and in conformity with conditions and instructions on reverse side hereof.

Description: Furnish and deliver when and as required, approximately: 35,500 cu. yds. road surfacing materials chert with binder, more or less, all in strict accordance with specifications MAD-P-14 and specifications MAD-P-14, addendum #1, except that this specification may be changed to amend paragraph "C" to allow a plastic index of 4 to 12 and allow the silt to be up to sixty per cent in excess of clay, as long as other requirements of these specifications are met. This in accordance with engineering change notice #117.

Delivery to be made in truck to job site and delivered at points on the road on the reservation as designated by vendee. Vendor must be prepared and equipped to deliver at job site at points on the road as designated by vendee, a minimum of 1,200 cubic yards for each 16 hours working time per day if required by vendee.

Failure to make delivery at this rate, if required, or failure of materials to meet specifications, upon same having been tested by a laboratory acceptable to vendee and found by said laboratory not to meet specifications, shall be sufficient cause for cancellation of purchase order upon vendor's being given notice thereof by registered mail by vendee of such cancellation.

Vendor hereby agrees to carry out the provisions of this purchase order and in strict accordance with specifications, except that the specifications state that vendor must be prepared to deliver 4,000 cubic yards per day and vendee hereby allowed vendor to deliver a minimum of 1,200 cubic yards for each 16 hours working time per day.

In the event vendor fails to meet specifications or fails to deliver materials as required by vendee, then, in that event vendor's having been given notice by registered mail the vendee may cancel the agreement immediately without acceptance of cancellation on part of vendor. The price to be paid for these materials is per cubic yard ----- \$1. 78

It is agreed that the approximate amount of this purchase order is 35,500 cubic yards, but this quantity may be reduced to any amount, if deemed necessary by vendee.

Vendee also reserves right to designate amount delivered per day if vendee so desires.

Payment is to be made on or about the fifteenth of the month for all accepted deliveries made during the preceding month.

The effective date of this purchase order to begin Thursday morning, November 6, 1941.

(Stamped:) QUARTERMASTER.

Contract No. W-7011-qm 2

Ship to: UNITED STATES CONSTRUCTION QUARTERMASTER

At: Milan, Tenn. M. O. D. Milan Ordnance Depot, Gibson Co., Tennessee.

For account of: Ferguson-Oman Company

Ship by Best Rt., via truck F. O. B. job site.

Terms: Net, See Above, Days, Less — % — Days Shipments Must Start by November 6, 1941, And Be Completed by As Required Mark Packages, Cases, Etc. with Above Purchase Order Number, Special Number of Each Package, Weight of Each Package, Vendor's Name, and the Following Special Markings-----

Important: See reverse side of this sheet.

Requisition No.-----
Job No.: 51-0-0
Appropriation: QM-18012 P2-3211
A-0540-12
Sub. Item:-----
Contract: W-7011-QM-2
Entered on Purchase Order Record
By: -----

FERGUSON-OMAN COMPANY,
QUIN FLOWERS, *Purchasing Agent.*

Approved by:

J. E. WISE,
1st Lt. Q. M. C.
For the Construction Quartermaster.

[Reverse side]

This order is placed for the benefit of, and is assignable to the United States Government.

This purchase order does not bind, nor purport to bind, the United States Government or Government officers thereunder.

Terms of payment as stated on obverse side of this purchase order are understood to be effective upon arrival at destination and acceptance of material by properly accredited U. S. Government officers or representatives having jurisdiction over same, and of properly executed bills of lading (or shipping papers) and receipt of certified invoice. Material must be delivered and accepted before invoice date is effective.

The following instructions must be followed explicitly:

CONDITIONS AND INSTRUCTIONS

1. Acknowledgment: Immediate acknowledgment required, with full delivery information, unless acknowledged immediately we reserve the right to cancel.

2. Quality: Material is subject to buyer's inspection and approval, at a reasonable time after delivery; if specifications are not met, material may be returned at sellers expense.

3. Discount: Calculated from the date acceptable invoice is received by the buyer.

4. Bill of lading: Immediately upon shipment mail to Ferguson-Oman Company at Wolf Creek Ordnance Plant, Milan, Tenn.

A. Original and two (2) copies, or if shipment not made by railroad, comparable paper in triplicate must accompany invoice.

BILLS OF LADING, ETC., MUST READ

United States Construction Quartermaster
at Wolf Creek Ordnance Plant, Milan, Tenn.
Account of Ferguson-Oman Company
and must also bear purchase order No. -----

B. Six (6) copies of invoice, properly filled and certified as follows:

I certify that the above bill is correct and just; that payment therefor has not been received; and that except as noted below or otherwise indicated herein all unmanufactured articles, materials, or supplies furnished under this invoice have been mined or produced in the United States and all manufactured articles, materials, or supplies have been manufactured in the United States substantially all from articles, materials, or supplies mined, produced, or manufactured, as the case may be, in the United States; and that state or local sales taxes are not included in the amounts billed.

(Sign in ink) ----- Title

5. Drafts: Will not be honored.

6. Packages: Must bear buyer's order number and show gross, tare, and net weights and/or quantity. No charge allowed by buyer unless otherwise agreed.

7. Cartage: No charge allowed by buyer unless otherwise agreed.

8. Trucking: Interstate truck shipments must be made by carrier authorized under the motor carrier act of 1935, if made by unlicensed carrier shipment will be subject to rejection.

9. Taxes: The seller agrees to pay any taxes imposed by law, taxes, will be set apart separately on all invoices.

10. Patents: Seller warrants that the use or sale of the material delivered hereunder will not infringe the claims of any patent covering the material itself; but does not warrant against infringement by reason of the use thereof in combination with other materials or in the operation of any process.

11. Invoices: Render separate invoices for each and every shipment.

12. Make no changes in filling this purchase order as to quantities, descriptions, prices, F. O. B. points, etc., except upon direct authority from our purchasing department.

13. Shipping: Immediately upon shipping mail to the contractor 3 copies of tally and shipping memo; enclose tally or shipping memo in each package, or tack same inside each car door. Mark vendor's name and purchase order number on all tallies or memos.

Full compliance with the above will expedite payment.

AFFIDAVIT No. 8

[In connection with this affidavit see Affidavits Nos. 8-A and 8-B on pp. 3404 and 3405]

AFFIDAVIT OF H. T. PARK

STATE OF TENNESSEE,
County of Benton,

H. T. Park, being duly sworn deposes and says as follows:

I, H. T. Park, am a resident of Carroll County, Tennessee, and have known of the Memphis Stone & Gravel Co., for the past six or eight years but have never hauled for them until the first part of 1941. I put five trucks on the Milan Job hauling from the Camden plant of the Memphis Stone & Gravel Co., to the Milan Job when the job was started. I have hauled since that time both for the Memphis Stone & Gravel Co., and the Cartwright Construction Co. I now operate ten gravel trucks and employ an average of ten drivers to operate the trucks. At the recent meeting of the truck owners which was held for the purpose of obtaining a raise for the truck drivers, I went with the Committee to talk to the Ferguson-Oman Company which resulted in obtaining a raise of fifteen cents per cubic yard for the truck owners, which raise was approved by the Constructing Quartermaster. I am familiar with all of the details in connection with the problems of the truck owners and truck drivers on this job.

I have never heard of the Memphis Stone & Gravel Co., attempting to influence either the truck owners or truck drivers in any manner from hauling for the Cartwright Construction Co., during the course of this job. Although I was not present at the Cartwright Construction Company's office when Capt. Kibler made his talk, it was generally known that he had advised a number of truck drivers assembled at the Cartwright Construction Co., for that purpose that the Memphis Stone & Gravel Company would have nothing further to do with the

gravel on the Milan Job and that the Cartwright Construction Company would handle the whole contract. This was reported to me specifically by one of my drivers, Herman Allen, who was present at the meeting.

Any trouble that the Cartwright Construction Company had with its drivers in my opinion was caused by the general knowledge in this community of his reputation for slow pay.

I hauled for the Cartwright Construction Co., through November 14th and attach hereto as Exhibit "A" the statement furnished me by the Cartwright Construction Co., of the money due me for the period beginning November 3rd and running through November 14th, 1941. On this statement I was paid at the rate of \$1.05 per cubic yard for all material hauled into what we refer to as the "Old Area" which is the Wolf Creek Ordnance Plant. It was my understanding that the raise to the truck owners of fifteen cents per cubic yard which we affected through the efforts of the Committee mentioned above applied both to the "Old Area" and the "New Area" which is the Milan Ordnance Depot. When I questioned the Cartwright Construction Co., about this, I was informed by Mrs. Cartwright that the raise only applied to the "New Area". The raise went into effect on November 6, 1941. The statement speaks for itself.

H. T. PARK.

Sworn to and subscribed before me this the 25th day of November 1941.

[SEAL]

J. C. PARKER, Notary Public.

My Commission Expires January 11, 1944.

[The following statement is attached to Affidavit No. 8]

CARTWRIGHT SERVICE STATION,
Ripley, Tenn., November 22, 1941.

H. T. Park (71-915, 71-869, 71-029, 35-920, 35-923, 35-918, 71-890, 35-924)
(Hauling 11/3, 4, 6, 13, 14)

24206	6. 15	24088	5. 89
24167	6. 57	23961	6. 10
24164	6. 15	23925	6. 10
24132	5. 89	24001	6. 10
24231	6. 05	24051	6. 10
24179	6. 05	24204	5. 89
24176	5. 72	21921	5. 93
23968	5. 83	24067	5. 60
*23928	7. 13	24180	6. 10
*23972	7. 13	25474	5. 89
*24026	7. 13	25461	6. 15
*24087	7. 13	25432	5. 72
23926	6. 57	25422	5. 89
23964	6. 57	25353	6. 15
24020	6. 57	25349	5. 83
24070	6. 00	25605	6. 25
23927	6. 25	25699	6. 05
23969	6. 25	25734	6. 15
24035	6. 25	25738	5. 89
24064	6. 05	25689	5. 72
21408	6. 05	25688	5. 89
23913	6. 15	25524	6. 15
23944	6. 15	25539	5. 89
24073	6. 15	25479	5. 72
24118	6. 15	25633	6. 15
23967	5. 79	25362	6. 05
24055	5. 76	25640	5. 72
23918	5. 89	25639	5. 89
23960	5. 89		
24024	5. 89		354. 27

354.27 cu. yds. at 1.05 per cu. yd. 371. 98
Brought forward 274. 76

646. 74

Nov. 15 To 1,278.1 gas 249.23, 2 qts. oil 40¢.) (Reds Chevrolet Co.) 249. 63

By check, 397.11.
(*Encircled in ink.)

CARTWRIGHT SERVICE STATION,
Ripley, Tenn., November 22, 1941.

H. T. Park (35-920, 35-923, 35-924, 71-013, 71-896, 71-027, 71-915, 35-918,
(71-890) (Hauling 11/10, 11, 12,

24748-----	6. 05	24922-----	5. 89
24225-----	5. 72	24951-----	6. 25
24182-----	6. 25	24964-----	6. 39
24191-----	5. 76	24952-----	5. 72
24424-----	6. 57	24962-----	7. 00
24694-----	5. 89	25040-----	6. 02
24449-----	6. 15	25033-----	6. 20
25025-----	5. 83	25071-----	6. 15
25131-----	5. 83	25304-----	6. 25
25085-----	5. 89	25091-----	5. 72
25081-----	6. 05	25163-----	5. 89
25092-----	5. 83	25166-----	6. 15
25004-----	6. 15	25205-----	5. 83
25005-----	6. 05	25273-----	6. 05
24955-----	5. 76	25167-----	6. 05
25014-----	5. 75	25096-----	6. 25
25035-----	5. 72		
25031-----	6. 25		
24920-----	6. 05		211. 36

211.36 cu. yds. @ 1.30 per cu. yd., 274.76

AFFIDAVIT No. 8-A

I, Mrs. J. M. Cartwright, having been sworn previously in this proceeding make the following statement in the further support of my testimony to Mr. H. G. Robinson, knowing him to be an Investigator of the Special Senate Committee Investigating the National Defense Program.

I have read the affidavit of H. T. Park and have noted that his affidavit recites details of an alleged meeting of the truck drivers addressed by Captain Kibler and his information is not based on personal knowledge but on statements made to him by Herman Allen, one of his drivers who has submitted a separate affidavit reciting the same details.

Mr. Park attaches to his affidavit a statement reflecting the settlement made with him by the Cartwright Construction Company on November 22 which statement covers the period November 3 through November 15 and which would appear to be a contradiction of Mr. Park's contentions that the Cartwright Construction Company was slow pay. The purpose intended by Mr. Park in submitting this schedule was to draw the inference that the raise of 15¢ which the truck drivers obtained, as the result of a strike, was with-held by the Cartwright Construction Company on deliveries made to the "old area".

It is true that when the raise was agreed upon by mutual agreement between the truck drivers and the Ferguson Oman Company it was thought that the raise would apply to all chert hauled to the project. I, however, received a telephone call from Mr. A. K. Ferguson advising me that the raise only applied to the "new area" and the contractor would not pay the increased rate on deliveries to the "old area".

Mr. Park is attempting to draw an unfair inference in his affidavit and if the transcript correctly indicates the presence of Mr. A. K. Ferguson at the hearing before the Committee at the time this affidavit was introduced, he must have had full knowledge that Park's affidavit was not a true presentation of the facts.

(Signed) MRS. J. M. CARTWRIGHT.

Sworn to and subscribed to before me, at Office in Camden, Tennessee this January 27, 1942.

[SEAL]

E. W. THOMAS,
Clerk and Master.

AFFIDAVIT No. 8-B

I, George N. Kibler, having been sworn previously in this proceeding make the following statement in the further support of my testimony to Mr. H. G. Robinson, knowing him to be an Investigator of the Special Senate Committee Investigating the National Defense Program.

I have read numerous affidavits submitted in which the inference is made that because of checks bouncing back the truck drivers sought to have the Government guarantee the payments due them for hauling chert. I am familiar with the occasion on which this situation came up and know that Mrs. Cartwright had contracted officials of the Ferguson-Oman Company on Saturday morning requesting a check from the contractor for prior deliveries made to the project and was promised by the contractor's organization that the check would be issued Monday morning in sufficient time to be deposited in the bank account of the Cartwright Construction Co. Having this assurance, Mrs. Cartwright issued checks for her payroll on Saturday afternoon after the banks had closed intending to cover them Monday morning with the check of the Ferguson-Oman Company as promised. The check was not forwarded Monday morning as promised and upon inquiry she was advised that in certain instances the invoices rendered did not agree with the receiving tickets as to quantities delivered. The differences in most instances being a minor discrepancy in fractions of a cubic yard. The Cartwrights had just transferred their account from Ripley, Tennessee, to Camden, Tennessee, and this situation of returned checks jeopardized the establishment of proper credit relations on this new account with the Camden bank. The bank of course not having previous credit experience refused to permit temporary overdraft for sufficient time to get the covering check from the contractor. The bank account was transferred back to the bank at Ripley, Tennessee, where the Cartwrights had enjoyed satisfactory banking arrangements over a period of years. Naturally, when the checks were returned to the truck drivers they visited the project in an attempt to have the pay due them guaranteed and it was explained to them at that time that there would be no repetition of this unfortunate occurrence. Thereafter Mrs. Cartwright always contacted the Office of the Constructing Quartermaster before rendering any invoices to the contractor so that the quantities billed could be checked against the actual receiving tickets and she would correct her invoices in conformity rather than suffer any delay in issuing the checks because of minor differences in billing.

(Signed) GEORGE N. KIBLER.

Sworn to and subscribed to before me, at Minden, Louisiana, County of Webster, January 29, 1942.

[SEAL]

NANCY LEE,
Notary Public (lifetime commission).

8B

 AFFIDAVIT No. 9

[In connection with this affidavit see Affidavit No. 9-A, p. 3406; Affidavit No. 9-B, p. 3406; exhibits 1 to 13 attached to Affidavit No. 9-B, pp. 3407 to 3412; Memorandum No. 9-C, p. 3413; and Affidavit No. 6-A, p. 3376]

AFFIDAVIT OF HERMAN ALLEN

STATE OF TENNESSEE.

County of Benton.

Herman Allen, being duly sworn deposes and says as follows:

I, Herman Allen, am a resident of Benton County, Tennessee, and have lived here about eleven years. I was born and raised in Carroll County, Tennessee, an adjoining County. I have been driving for H. T. Park since before the Milan Ordnance Plant was started and have been driving for him on this job ever since he began hauling. I have hauled gravel both for the Memphis Stone & Gravel Company and for the Cartwright Construction Co. I have never known or heard of any person being intimidated or influenced to haul for the Memphis Stone & Gravel Company or of any attempt being made for such purpose. It is generally rumored around Camden, Tennessee, that the Cartwright Construction Company is slow pay and for this reason the Memphis Stone & Gravel Company gets its pick of the trucks in this vicinity.

I was present in the office of the Cartwright Construction Company when a person who was told to me to be Capt. Kibler made the statement to a group of truck owners and truck drivers assembled there for that purpose that the Memphis Stone & Gravel Company would haul no more gravel and that all of the gravel hauled to the Milan Project would be sold by the Cartwright Construction Company and that if the truck owners and the truck drivers wanted to work they had better work for Cartwright. Mr. Park paid no attention to this and when the Memphis Stone & Gravel Company began to haul again he put his trucks on their haul.

HERMAN ALLEN.

Sworn to and subscribed before me this the 25th day of November 1941.

[SEAL]

J. C. PARKER, *Notary Public*.

My Commission Expires January 11, 1944.

AFFIDAVIT No. 9-A

I, George N. Kibler, having been sworn previously in this proceeding make the following statement in the further support of my testimony to Mr. H. G. Robinson, knowing him to be an Investigator of the Special Senate Committee Investigating the National Defense Program.

I have read a number of affidavits submitted by truck drivers engaged in hauling chert to the Wolf Creek Ordnance Plant and the Milan Ordnance Depot wherein the inference is made repeatedly that a "meeting" was held at which time I "addressed" the assembled group of truck drivers and insisted that they haul for the Cartwright Construction Company. This circumstance is enlarged upon and distorted by the foregoing affidavits and the correct circumstances with respect thereto are as follows:

On one occasion both of the supplying companies had been cut off from hauling for a couple of days and I made a trip to Camden, Tennessee, in the middle of the afternoon to see Mrs. J. M. Cartwright on an entirely different matter pertaining to the chert situation. The Cartwright Construction Company maintains office in premises which were formerly used as a roadside stand and the gas pumps in front of this stand are used to supply gas to the truck drivers. Upon entering the offices of the Cartwright Construction Company I observed about twelve truck drivers standing around idle. The truck drivers were not there pursuant to any request and were merely loitering near the premises because they had nothing to do due to the temporary suspension of trucking activities. As I proceeded into the office one of the truck drivers asked me if the Memphis Stone and Gravel contract had been canceled. In order to answer a civil question addressed to me, I replied that it was. Thereupon the spokesman asked if Cartwright's contract was still in force, and I again replied in the affirmative and stated that Cartwright would undoubtedly haul most of the chert in the pursuance of the contract which they then held.

(Signed) GEORGE N. KIBLER.

Sworn to and subscribed to before me, at Minden, Louisiana, County of Webster, January 29, 1942.

[SEAL]

NANCY LEE,
Notary Public (lifetime commission)

AFFIDAVIT No. 9-B

I, Mrs. J. M. Cartwright, having been sworn previously in this proceeding make the following statement in the further support of my testimony to Mr. H. G. Robinson, knowing him to be an Investigator of the Special Senate Committee Investigating the National Defense Program.

I have read the affidavit submitted by the following truck drivers: James H. Taylor, Lanie Howe, Ray Hall, Billy Hudson, T. R. Holland, L. L. Lowe, W. W. White, E. J. Melton, Odell Flowers, Herman Allen, Alf Taylor, and have noted that for the most part these affidavits were obtained from truck drivers who primarily hauled for the Memphis Stone and Gravel Company.

The affidavits mentioned the fact that Captain Kibler made a talk to the truck drivers and in this connection Captain Kibler's talk consisted of answering a couple of civil questions which were asked of him by one of the truck drivers at a time when a group of them were idle and loitering around the office of the Cartwright Construction Company. There was never any meeting called for that purpose nor could Captain Kibler's comments be construed as having addressed a meeting. Any complaints regarding slow pay on the part of the Cartwright Construction Company can be charged to a delay in obtaining a reimbursement for the chirt delivered to the contractors in order to keep our funds in a liquid condition and even in one instance a check which was promised by the contractors for a Monday delivery and which check I had anticipated by issuing payroll checks Saturday afternoon was purposely held up by the contractor and the excuse given was that there was a discrepancy in the amounts billed as compared with the receiving tickets. Naturally the checks I issued were not covered but were promptly adjusted and there was very little inconvenience occasioned to the truck drivers.

In answering the affidavits submitted by various truck drivers I attached to this affidavit affidavits obtained on July 7 from the following truck drivers: Tommy Battle, Lawrence Olive, Joseph Yohe, A. G. Ferrell, Jessie Barnes, Joe Sullivan, L. B. Mitchell, W. E. Bartholomew, J. R. Krisle, L. C. Williams, R. E. Seggerson, Bennie Morris, Albert Baggert. These affidavits clearly indicate discrimination practised at that time against any drivers attempting to haul for the Cartwright Construction Company and particularly outline the domineering tactics of Mr. Kirby who was superintendent of roads for the Ferguson Oman Company.

(Signed) Mrs. J. M. CARTWRIGHT.

Sworn to and subscribed to before me, at office in Camden, Tennessee this January 27, 1942.

[SEAL]

E. W. THOMAS,
Clerk and Master.

[Exhibit 1 attached to Affidavit No. 9-B]

STATE OF TENNESSEE,
Benton County.

Personally appeared before me, the undersigned authority, TOMMIE BATTLES, who after being duly sworn, deposed as follows:

That he operates a gravel truck and has been hauling gravel for Cartwright Construction Company about 6 weeks, and that on the 23rd day of June, 1941, he delivered a truck load of gravel to the Wolf Creek Ordinance Plant, near Milan, and when he arrived at the plant with the Gravel, a man in a pick-up truck, drove up, who looked to be slender fellow, dark-haired in a kaki suit, called me to come to him, and told me "Who in the Hell gave you orders to bring this Gravel down here?" "Said By-God you had better carry it on back cause I don't mean to use it." That is all he said. Affiant states further that when they tried to turn their trucks around that it was necessary for them to turn in part of the area and that this same person who was driving the pick-up truck told us not to drive out in there to get off of it, and they told him that all they were trying to do was to turn the trucks around; it seemed that this same party tried to show his authority by cursing and abusing the truck drivers. Your affiant states that he had orders to deliver this gravel and was not trying in any way to violate the rules and regulations of the Ordinance Plant and this man was not justified in using the language in which he used in order to execute his duties as an employee of Ferguson and Oman.

Affiant states that the above statement is true.

TOMMIE BATTLES.

Sworn to and subscribed before me, this the 7th day of July, 1941.

[SEAL]

OZIE LEE WILLIAMS,
Notary Public.

My commission expires April 17, 1945.

[Exhibit 2 attached to Affidavit No. 9-B]

STATE OF TENNESSEE,
Benton County.

Personally appeared before me, the undersigned authority, LAWRENCE OLIVE, who duly states upon oath:

That he operates a gravel truck and that he had been hauling gravel for Cartwright Construction Company and delivering same to the Wolf Creek Ordnance Plant near Milan. That on the 23rd day of June, 1941, he delivered a truck load of gravel to the plant and upon his arrival there Mr. Kirby said that he did not order any gravel from Mr. CARTWRIGHT and that he was not taking any and what he had dumped that he would not get paid for; and as far as he was concerned that we had just as well carry the other gravel back or dump it somewhere else, that he was not using any more of his gravel.

He said he didn't have any more damn use for his rock. Affiant states that he talked with Mr. Kirby personally about dumping the gravel and that he refused and would not even let them turn around on the area. That he made no effort to test the gravel.

Affiant states further that he has heard of the Memphis Stone Operators trying to encourage the operators for Cartwright Construction Company to not haul for Cartwright and go with the Memphis Stone Gravel Company; they even put out the propaganda that Cartwright didn't even have a contract and if they expected to work they had better go to Memphis Stone or someone else.

The affiant states that the above statement is true.

LAWRENCE OLIVE.

Sworn to and subscribed before me, this the 7th day of July, 1941.

[SEAL]

OZIE LEE WILLIAMS, *Notary Public.*

My commission expires April 17, 1945.

[Exhibit 3 attached to Affidavit No. 9-B]

STATE OF TENNESSEE,
County of Benton.

Personally appeared before me, the undersigned authority, JOSEPH E. YOHE, duly sworn states:

That he operates a gravel truck and hauls gravel for Cartwright Construction Company from Benton County, Tennessee to Wolf Creek Ordnance Plant in Milan, that on June 23, 1941, while en route to Milan, Tenn., to deliver a load of gravel at the plant he met some of the trucks returning from the Plant at Atwood, Tennessee, and the operators advised him that they would not accept the gravel and the best thing for him to do was to turn back, and he was forced to deliver the gravel to the Highway Department of the State of Tennessee.

Affiant states that the above statement is true.

JOSEPH E. YOHE.

Sworn to and subscribed before me, this the 7th day of July, 1941.

[SEAL]

OZIE LEE WILLIAMS, *Notary Public.*

My commission expires April 17, 1945.

[Exhibit 4 Attached to Affidavit No. 9-B]

STATE OF TENNESSEE,
County of Benton.

Personally appeared before me, the undersigned authority, A. G. FERRELL, after being duly sworn, states on his oath:

That he operates a truck for Archie Ledbetter who is engaged in hauling gravel in Benton County, Tennessee, for Cartwright Construction Company, and that on the 23rd day of June, 1941, he delivered a truck load of gravel to Wolf Creek Ordnance Plant near Milan, Tennessee, and when he arrived at the plant with the gravel he was confronted with this situation:

He was telling the other drivers out there that he would never take any more gravel from Cartwright and to get to the hell out of there.

Affiant states further that the man who made the above statement was none other than RALPH KIRBY, Superintendent of roads.

Affiant states further that the above statement was true and correct.

A. G. FERRELL.

Sworn to and subscribed before me, this the 7th day of July, 1941.

[SEAL]

OZIE LEE WILLIAMS, *Notary Public.*

My commission expires April 17, 1945.

[Exhibit 5 attached to Affidavit No. 9-B]

STATE OF TENNESSEE,
County of Benton.

Personally appeared before me, the undersigned authority, JESSIE BARNES, duly sworn deposed as follows:

That he has been operating a Gravel truck and has been engaged in hauling gravel for Cartwright Construction Company and delivering gravel to the Wolf Creek Ordinance Plant at Milan, Tennessee; that on the 6th day of July, 1941, at about 6 o'clock in Bruceton, Tennessee, that Marshall Priest, Ford Dealer at Huntingdon, Tennessee, and Dwayne Maddox, Attorney from Huntingdon, told me: That if I wanted to work and hold a continued job that the best thing I could do was to go to work for Memphis Stone Gravel Company, and asked me what my occupation was I told them I was a gravel truck hauler and was learning to operate, and said Cartwright, they said Cartwright hasn't any machine to operate on and as far as they were concerned that I had better go to work for some other company if I wanted to operate long, that is what they told me yesterday.

Affiant states that the above statement is true.

JESSIE BARNES.

Sworn to and subscribed before me, this July 7, 1941.

[SEAL]

OZIE LEE WILLIAMS,
Notary Public.

My commission expires April 17, 1945.

[Exhibit 6 attached to Affidavit No. 9-B]

STATE OF TENNESSEE,
County of Benton.

Personally appeared before me, the undersigned authority, JOE SULLIVAN, being duly sworn, states the following:

That he is a Clerk in the office for Cartwright-Construction Company and on June 25th, 1941, Glen Allen came into the Office and also B. G. Blane, and stated to him:

That they had been down there and talked to the "Big Shots" and to one of the Lawyers and that they said Cartwright was not hauling under his contract and they said he wouldn't haul any more and that he had drawn his money every two weeks and when he had started on this contract that they were holding back 10% but they weren't holding back 10% then and that he would advise them to hold the balance or to tie the balance up before they got their money and that they weren't going to haul any more.

Affiant states that the above statement is true.

They also said that the man in the office said that his (Cartwright's) contract had been cancelled two weeks before that.

JOE SULLIVAN.

Sworn to and subscribed before me, this July 7, 1941.

[SEAL]

OZIE LEE WILLIAMS,
Notary Public.

My commission expires April 17, 1945.

[Exhibit 7 attached to Affidavit No. 9-B]

STATE OF TENNESSEE,
County of Benton.

Personally appeared before me the undersigned authority, L. R. MITCHELL, after being duly sworn according to law deposes and says:

That he operates his own truck and hauls gravel for Cartwright Construction Company and has been engaged in hauling gravel to the Wolf Creek Ordinance Plant near Milan, Tennessee; that on the 23rd day of June, he hauled a load of gravel to the Wolf Creek Ordinance Plant and when he arrived at the plant with the load of gravel, the first thing that was done was they told us to stop and wait and the checker signed my load and I still had to wait and I don't know this fellow's name, but this was a big fellow, and he said the Superintendent said for him to have that place fixed by 6 o'clock and that he would take the responsibility on himself to unload it; then the little fellow came up and said don't unload another God Damn load of Cartwright's gravel that it wasn't no account and that he didn't want it.

Affiant states further that the man who made the statement that he "didn't want any more of Cartwright's Gravel was in a pick-up truck, a small car, and he understood his name to be Kirby"—

Affiant states further that when he reached Milan at the turn near the stop light there was one of the employees of Ferguson-Oman Construction Company who instructed him to go to Graball Gate but before instructing him to go he first asked him whose gravel it was and he told him that it was Cartwright's Construction Company's gravel.

Affiant states that the above statements made by him is true.

L. R. MITCHELL.

Sworn to and subscribed before me, this the 7th day of July, 1941.

[SEAL]

OZIE LEE WILLIAMS,
Notary Public, Benton Co.

My commission expires April 17, 1945.

[Exhibit 8 attached to Affidavit No. 9-B]

STATE OF TENNESSEE,
County of Benton.

Personally appeared before me, the undersigned W. E. BARTHOLOMEW, after being duly sworn, states on his oath:

That he operates a gravel truck for J. S. Pratt, and now engaged in hauling gravel for Cartwright Construction Company delivered at the Wolf Creek Ordinance Plant near Milan, Tennessee, that on the 23rd day of June, 1941, when he arrived at the Graball gate to deliver his truck load of gravel that a Mr. Miller refused to permit him to unload his gravel and requested the guards not to let any of Cartwright's trucks through; the Guards informed Mr. Miller that they had orders for his trucks to pass through the gate and the said Mr. Miller informed the guards that they could pass through but they could not unload the gravel.

And since they were arguing affiant did not know what to do except not to enter the gate.

Affiant states further that on many occasions the truck drivers for the Memphis Stone Gravel Company have tried to get him to take his trucks and haul gravel for Memphis Stone and told him that Cartwright's contract would soon be out. That they have not only told him this but they have told many other truck operators who have been working for Cartwright Construction Company and in this way and manner the Memphis Stone Organization has tried to keep the truck drivers and the truck operators for Cartwright Construction Company disorganized.

Affiant states that the above statement is true.

W. E. BARTHOLOMEW.

Sworn to and subscribed before me, this the 7th day of July, 1941.

[SEAL]

OZIE LEE WILLIAMS,
Notary Public.

My commission expires Apr. 17, 1945.

[Exhibit 9 attached to Affidavit No. 9-B]

STATE OF TENNESSEE,
Benton County.

Personally appeared before me, the undersigned authority, J. R. KRISLE who states upon oath:

That he operates a gravel truck and that he has been hauling gravel for Cartwright Construction Company from Benton County Tennessee to Wolf Creek Ordinance Plant, Milan, Tenn., and that on the 23rd day of June, 1941, he delivered a truck load of gravel to the plant, and the Superintendent in charge refused to accept it and would not permit him to deliver the gravel or carry out his instructions and that he was forced to take the gravel and deliver it to the State of Tennessee, Highway Department.

Affiant states that the above statement is true.

J. R. KRISLE.

Sworn to and subscribed before me this the 7th day of July, 1941.

[SEAL]

OZIE LEE WILLIAMS,
Notary Public.

My commission expires April 17, 1945.

[Exhibit 10 attached to Affidavit No. 9-B]

STATE OF TENNESSEE,
County of Benton.

Personally appeared before me, the undersigned, L. C. WILLIAMS, after being duly sworn, states on his oath:

That he is the owner and operator of one Gravel truck and that he is engaged in hauling gravel for Cartwright Construction Company of Benton County, Tennessee, and that on the 23rd day of June, 1941, he reached the stop light in the town of Milan, one of the employees of Ferguson-Oman Construction Company, he just stopped me and told me that the gravel was turned down and wouldn't stand inspection and that I had just as well carry it back.

Affiant states further that the gravel he had on his truck was not examined there by any of the inspectors and was not even given an opportunity to take the gravel on the project. That the Inspector that inspected this gravel at the pit before he left for the Wolf Creek Ordinance Co; near Milan.

Affiant states further that on numerous occasions several of the Memphis Stone Truck Drivers have informed him that Cartwright was not going to be permitted to continue to haul gravel. But that Memphis Stone was going to haul the gravel; that they had been informed that Cartwright didn't have any contract any how. Affiant states that at the time he was stopped at the stop light he asked the Ferguson-Oman Employee what the trouble was, and he said it looked like Memphis Stone stood in with the Company, and I said they must stand it or something.

Affiant states that the above statements made by him are true.

L. C. WILLIAMS.

Sworn to and subscribed before me, this the 7th day of July, 1941.

[SEAL]

OZIE LEE WILLIAMS,
Notary Public, Benton Co.

My commission expires April 17, 1945.

[Exhibit 11 attached to Affidavit No. 9-B]

STATE OF TENNESSEE,
Benton County.

Personally appeared before me, the undersigned authority, R. E. SEGGERSON, who states upon oath:

That he operates a gravel truck and has been engaged in hauling gravel for Cartwright Construction Company and delivering gravel to the Wolf Creek Ordinance Plant near Milan, Tennessee.

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That on the 23rd day of June, 1941 he delivered a truck load of gravel to the Plant and I drove up and one man motioned me to stop and they unloosened my bed and a man drove up and said don't unload or accept that load of gravel as they wouldn't accept any more Cartwright Gravel and I said you will have to accept this one as you have broke the load and he said we will accept that one that will be the last one. Said he wasn't accepting any more of Cartwright's gravel.

Affiant states further that the man who ordered him not to unload the gravel was said to be Mr. Kirby, and he was driving a small pick-up truck and seemingly gave his orders with a great deal of authority.

Affiant states that the above statement is true.

R. E. SEGERSON.

Subscribed and sworn to before me, this July 7, 1941.

[SEAL]

OZIE LEE WILLIAMS,
Notary Public.

My commission expires April 17, 1945.

[Exhibit 12 attached to Affidavit No. 9-B]

STATE OF TENNESSEE,
Benton County.

Personally appeared before me, the undersigned authority, BENNIE MORRIS, who after being duly sworn, deposed as follows:

That he operates a gravel truck and that he hauls gravel for Cartwright Construction Company and has been for about one month; that on the 23rd day of June, 1941 when he delivered a load of gravel to Wolf Creek Ordinance Plant, the big guy out there wanted to go ahead and unload the gravel and Kirby didn't want the gravel, said he wouldn't take it, said he wasn't going to unload any more of Cartwrights' God damn gravel. This big guy said the Lieutenant said for him to go ahead and unload the gravel and get the road fixed by 6 o'clock, and they told us that we had just as well go on back to Camden.

Affiant states that the above statement is true.

BENNIE MORRIS.

Sworn to and subscribed before me, this the 7th day of July, 1941.

[SEAL]

OZIE LEE WILLIAMS,
Notary Public.

My commission expires April 17, 1945.

[Exhibit 13 attached to Affidavit No. 9-B]

STATE OF TENNESSEE,
Benton County.

Personally appeared before me, the undersigned, ALBERT BAGGERT, who deposed as follows:

That he has been operating a gravel truck for Red's Chevrolet Company of Camden, Tennessee, and has been engaged in the hauling of gravel for Cartwright Construction Company to the Wolf Creek Ordinance Plant near Milan, Tennessee.

That on the 23rd day of June, 1941, he delivered a truck load of gravel to the Plant, we drove up in the gate there and pulled our trucks in there and the man stopped us and turned us around. He told us that we couldn't unload until 8 o'clock so we went down to the Graball gate then and the Guards said we were going to unload one at 4 and one at 8 and they didn't know which ones was going to unload, he was a guard there, he told us to wait there until 8 o'clock, and when 8 o'clock came we went back down to the other gate and Mr. Kirby came out there and said "You had just as well take that God Damn gravel on that he wasn't going to let us unload any of that Cartwright Gravel up there." Some of the boys asked him what the matter was and he said nothing is wrong with it but we just ain't going to take no more of it, and then he called two of the officers up there and had them to take down how many loads was up there, and he told us that we had just as well go on off with it and not be hanging around there as we wasn't

going to unload it. He told us, my nephew was staning there, and asked him was Cartwright out of orders and he said no, he didn't have any orders to Wake it at al

Affiant states that since this date, prior to the above date, Mr. Kirby stopped him and asked him who he was hauling for and I said Mr. Cartwright and he asked me who gave me orders to haul it and I told him all the other trucks were hauling and I was following them; he told me to go ahead and unload it and he would s about it; every time I go in there he keeps on about it, nagging about it, and saying there was a lot of dirt in the gravel and all; however, Mr. Kirby just seemingly wants to nag us all the time.

Affiant states further that the Memphis Stone Gravel Company drivers told him that Cartwright's Contract was cancelled about a week ago, and that if I had wanted to work I had better go down to Memphis Stone and sign up. The impression that your affiant has gotten from the Memphis Stone operators has been that they have been trying to disorganize the truck operation for Cartwright and get them to work for Memphis Stone so that Cartwright would have to go out of business.

Affiant states that the above statements are true.

ALBERT BAGGETT.

Subscribed and sworn to before me, this the 7th day of July, 1941.

[SEAL]

OZIE LEE WILLIAMS,
Notary Public.

My commission expires April 17, 1945.

MEMORANDUM No. 9-C

MEMORANDUM

The truck owners H. T. Park, J. Taylor, L. L. Lowe, Odell Flowers, Alf Taylor and S. E. Brison and the following drivers employed by them:

Herman Allen
T. R. Holland
Lanie Howe
Ray Hall

all of whom executed affidavits are shown to be under contract to Memphis Stone and Gravel Company. See exhibits attached to rebuttal No. 24A, infra pp. 3425 and 3427-3428.

AFFIDAVIT No. 10

[In connection with this affidavit see Affidavit No. 9-A, p. 3406; Affidavit No. 9-B, p. 3406; exhibits 1 to 13 attached to Affidavit No. 9-B, pp. 3407 to 3412; Memorandum No. 9-C, p. 3413; and Affidavit No. 6-A, p. 3376]]

STATE OF TENNESSEE,

County of Benton.

I, James Taylor, Camden, Tennessee, wish to state that I am owner of several trucks, and that I have hauled gravel off and on for the Memphis Stone and Gravel Company over a number of years, and that I have never been told that I should haul exclusively for them under threat of any future gravel hauling for them, nor have I been intimidated in any way by this Company. My hauling connections with this company have been very satisfactory.

This November 21, 1941.

JAMES H. TAYLOR.

Sworn and subscribed to before me, this Nov. 21, 1941.

[SEAL]

WALTER CANTRELL,
County Court Clerk.

AFFIDAVIT No. 11

[In connection with this affidavit see Affidavit No. 9-A, p. 3406; Affidavit No. 9-B, p. 3406; exhibits 1 to 13 attached to Affidavit No. 9-B, pp. 3407 to 3412; Memorandum No. 9-C, p. 3413; and Affidavit No. 6-A, p. 3376]

AFFIDAVIT OF T. R. HOLLAND

STATE OF TENNESSEE,
County of Benton.

T. R. Holland upon being duly sworn deposes and says as follows:

I, T. R. Holland, am a resident of Benton County, Tennessee, and have lived in this community practically all my life. I am now employed as a truck driver for James Taylor who has a contract with the Memphis Stone & Gravel Co., to haul gravel to the Milan Plant. I have hauled some gravel for the Cartwright Construction Co., to this same job.

I have never been instructed by or asked by the Memphis Stone & Gravel Co., to influence the drivers for the Cartwright Construction Co., or any of its hauling contractors to stop hauling for Cartwright and go to work for the Memphis Stone & Gravel Co., nor have I ever heard of any one else being so instructed by the Memphis Stone & Gravel Co.

If the Cartwright Construction Co., has had any trouble obtaining truckers it has been because the truck owners and the truck drivers were not sure that they would be paid. I personally have had similar experiences with the Cartwright Construction Co.

T. R. HOLLAND.

Sworn to and subscribed before me this the 25th day of November, 1941.

[SEAL]

J. C. PARKER, *Notary Public.*

My Commission Expires January 11, 1944.

AFFIDAVIT No. 12

[In connection with this affidavit see Affidavit No. 9-A, p. 3406; Affidavit No. 9-B, p. 3406; exhibits 1 to 13 attached to Affidavit No. 9-B, pp. 3407 to 3412; Memorandum No. 9-C, p. 3413; and Affidavit No. 6-A, p. 3376]

AFFIDAVIT OF L. L. LOWE

STATE OF TENNESSEE,
County of Benton.

L. L. Lowe, being duly sworn deposes and says as follows:

I, L. L. Lowe, am a resident of Carroll County, Tennessee, and I began to haul chert on the Milan Job in February 1941 for the Memphis Stone & Gravel Co., I hauled for the Memphis Stone & Gravel Co., until the plant shut down and was not delivering gravel to the Milan Plant. I laid idle for about five weeks and I was advised by some person whose name I don't remember that the Cartwright Construction Co., was going to sell all of the gravel on the job so I then went to work for Cartwright. I hauled for Cartwright until the Memphis Stone & Gravel Co., began to deliver gravel again and then I went back to work for the Memphis Stone & Gravel Co. I heard in Camden while I was hauling for Cartwright that some Army Officer had put out the information that Cartwright had the contract for the gravel on the job and that the Memphis Stone was only filling in what Cartwright could not deliver. I was not solicited by the Memphis Stone & Gravel Co., to come back to them but came back on my own accord because I had started out with them and because I had known them considerably longer than I had known Cartwright.

I never heard of anyone attempting to intimidate the Cartwright drivers or to influence them to haul for the Memphis Stone & Gravel Co. I know that no one ever attempted any such thing with me.

L. L. LOWE.

Sworn to and subscribed before me this the 25th day of November 1941.

[SEAL]

J. C. PARKER, *Notary Public.*

My Commission expires January 11, 1944.

AFFIDAVIT No. 13

[In connection with this affidavit see Affidavit No. 9-A, p. 3406; Affidavit No. 9-B, p. 3406; exhibits 1 to 13 attached to Affidavit No. 9-B, pp. 3407 to 3412; Memorandum No. 9-C, p. 3413; and Affidavit No. 6-A, p. 3376]

AFFIDAVIT OF ODELL FLOWERS

STATE OF TENNESSEE,
County of Benton.

Odell Flowers, being duly sworn deposes and says as follows:

I, Odell Flowers, have been a resident of Benton County, Tennessee, all of my life. I am now operating on the Milan haul two trucks. I have hauled both for the Memphis Stone & Gravel Company and for the Cartwright Construction Company. The Cartwright Construction Company was the first company I ever hauled a load of gravel for. This was in 1937. I have known both companies since that time. I have never known of any truck owner or truck driver being influenced, intimidated or otherwise compelled to haul gravel for the Memphis Stone & Gravel Company either on the Milan Project or on any other job. The Cartwright Construction Company has had trouble with its truckers because the truck owners know from past experience that it is doubtful whether they will be paid or not. All of the checks that I have ever received from the Cartwright Construction Company have been deposited through my bank at Camden, Tennessee. My bank refused to accept the checks other than for collection and until the checks were actually paid would not credit my account with the amount of the checks. This practice results in inconvenience to any small operator who needs his cash. This has been true not only in my case but in the case of any number of my acquaintances. Under these circumstances the truckers in this vicinity always prefer to haul for the Memphis Stone & Gravel Company which is prompt and sure pay.

Instead of the truckers of the Memphis Stone & Gravel Company trying to solicit or influence truckers of the Cartwright Construction Company from hauling for Cartwright, the contrary is true. The truckers hauling for the Memphis Stone & Gravel Company are seriously inconvenienced by Cartwright's truckers who come to the Memphis Stone & Gravel Company's plant when Cartwright is broken down and tie up the road so that the regular truckers can't get loaded as promptly as they ordinarily would. In spite of our dislike of this practice, however, Cartwright's truckers do haul for the Memphis Stone & Gravel Company whenever they can't get loaded at the Cartwright plant. We also haul for Cartwright when the Memphis Stone & Gravel Company is shut down. This practice is known to the Memphis Stone & Gravel Company and it makes no difference to the Company.

ODELL FLOWERS.

Sworn to and subscribed before me this the 25th day of November 1941.

[SEAL]

J. C. PARKER, *Notary Public*.

My Com. Expires Jan. 11, 1944.

AFFIDAVIT No. 14

[In connection with this affidavit see Affidavit No. 9-A, p. 3406; Affidavit No. 9-B, p. 3406; exhibits 1 to 13 attached to Affidavit No. 9-B, pp. 3407 to 3412; Memorandum No. 9-C, p. 3413; and Affidavit No. 6-A, p. 3376]

AFFIDAVIT OF LANIE HOWE

STATE OF TENNESSEE,
County of Benton.

Lanie Howe being duly sworn deposes and says as follows:

I, Lanie Howe, am a resident of Benton County, Tennessee, and have lived here all of my life. I have known the Memphis Stone & Gravel Co., practically all of my life. I drive a truck for Odell Flowers and haul gravel to the Milan Plant. I have hauled both for the Memphis Stone & Gravel Co., and the Cartwright Construction Co. I personally did not receive any checks from the Cartwright Construction Co., but I have had numerous persons tell me that they received checks for hauling to the Milan Job from Cartwright which they could not get cashed and which had to be held for several weeks. It is my idea that any trouble that Cartwright had with his drivers was for this reason. Since he

has begun to pay off promptly he has not had any trouble with his drivers as far as I know. I have never been threatened, coerced, or intimidated in any manner to make me drive for the Memphis Stone & Gravel Co., and I have never heard of such practices as far as anyone else was concerned.

LANIE HOWE.

Sworn to and subscribed before me this the 25th day of November 1941.

[SEAL]

J. C. PARKER, *Notary Public*.

My Commission Expires January 11, 1944.

AFFIDAVIT No. 15

[In connection with this affidavit see Affidavit No. 9-A, p. 3406; Affidavit No. 9-B, p. 3406; exhibits 1 to 13 attached to Affidavit No. 9-B, pp. 3407 to 3412; Memorandum No. 9-C, p. 3413; and Affidavit No. 6-A, p. 3376]

CAMDEN, TENN., Nov. 21, 41.

I, Alf Taylor, of this place, hereby state that I am the owner of several Trucks and have been engaged in the hauling of several things, among which is gravel for roads. I have hauled for several gravel producers, including the Memphis Stone and Gravel Co. I have hauled for this concern off and on over a period of years and I wish to state that at no time have I been refused work due to my hauling for other competitors.

In my connection with the gravel hauling business I have never heard of anybody being intimidated by being told by the Memphis Stone and gravel Co., that they could have no future hauling if they hauled for someone else. In fact all my dealings with the Memphis stone and gravel Co., have been fair and satisfactory.

(Signed) ALF TAYLOR.

Subscribed to and sworn to before me, this Nov. 21, 1941.

[SEAL]

A. V. BOWLES, *Notary Public*.

My com. expires Jan. 5th, 1942.

AFFIDAVIT No. 16

[In connection with this affidavit see Affidavit No. 9-A, p. 3406; Affidavit No. 9-B, p. 3406; exhibits 1 to 13 attached to Affidavit No. 9-B, pp. 3407 to 3412; Memorandum No. 9-C, p. 3413; and Affidavit No. 6-A, p. 3376]

AFFIDAVIT OF S. E. BRISON

STATE OF TENNESSEE,
County of Benton.

S. E. Brison, being duly sworn deposes and says as follows:

I, S. E. Brison, of Humboldt, Tennessee, have heretofore made an affidavit in connection with the operations of the Memphis Stone & Gravel Co., and the Cartwright Construction Co., in hauling gravel to the Milan Plant. I wish further to state in addition to what I have heretofore stated that I was a member of the Committee selected by the truck owners and truck drivers which secured the raise to the truck owners. At the time of this agreement the Government understood that both the Memphis Stone & Gravel Company and the Cartwright Construction Co., would pass this increase on to the truck owners, who in turn would increase the rate of pay of their drivers. This was the sole basis for the increase.

I personally have had numerous checks from the Cartwright Construction Co., which have not been paid and on one occasion was compelled to sue the Cartwright Construction Co., to recover the amount it had agreed to pay me for gravel hauled to the Milan Plant. Any trouble that Cartwright had with his truckers was caused entirely by his reputation for not paying his bills.

S. E. BRISON.

Sworn to and subscribed before me this the 25th day of November 1941.

[SEAL]

J. C. PARKER, *Notary Public*.

My commission expires January 11, 1944.

AFFIDAVIT No. 17

[In connection with this affidavit see Affidavit No. 9-A, p. 3406; Affidavit No. 9-B, p. 3406; exhibits 1 to 13 attached to Affidavit No. 9-B, pp. 3407 to 3412; Memorandum No. 9-C, p. 3413; and Affidavit No. 6-A, p. 3376]

STATE OF TENNESSEE,
County of Benton.

I, Martin White, Camden, Tennessee, wish to state that I was present at a meeting of truckers in Mr. Cartwright's Office during the past summer at which meeting, a party introduced to us as Captain Kibler made a talk in which he advised us that the Cartwright Construction Company had the complete gravel contract for the Milan Plant, and that the Memphis Stone and Gravel Company would haul no more gravel on that project, and that if the truckers wished to continue hauling gravel, they would have to see Mr. Cartwright.

This November 21, 1941.

W. M. WHITE.

Sworn and subscribed to before me, this November 21, 1941.

[SEAL]

WALTER CANTRELL,
County Court Clerk.

AFFIDAVIT No. 18

In connection with this affidavit see Affidavit No. 9-A, p. 3406; Affidavit No. 9-B, p. 3406; exhibits 1 to 13 attached to Affidavit No. 9-B, pp. 3407 to 3412; Memorandum No. 9-C, p. 3413; and Affidavit No. 6-A, p. 3376]

AFFIDAVIT OF E. J. MELTON

STATE OF TENNESSEE,
County of Benton.

E. J. Melton, being duly sworn deposes and says as follows:

I, E. J. Melton, was born and raised in Benton County, Tennessee, and I have known the Memphis Stone & Gravel Company since they came to Benton County in 1910. I have hauled for the Memphis Stone & Gravel Company whenever they had anything to haul and I had anything to haul with. I have never been intimidated, coerced or otherwise influenced to haul for the Memphis Stone & Gravel Company but have always contracted to haul for them of my own free will and accord.

I have also hauled for the Cartwright Construction Company when the Memphis Stone & Gravel Company was not hauling. I know of Cartwright's general reputation for not paying his bills and this, in my opinion, is the reason why he has had trouble with his truckers. It has been the general attitude of the truck drivers in this community that if the Memphis Stone & Gravel Company was not hauling we would haul for Cartwright and take a chance on getting our money. This was well known to both Mr. and Mrs. Cartwright.

E. J. MELTON.

Sworn to and subscribed before me this the 25th day of November 1941.

[SEAL]

J. C. PARKER, *Notary Public.*

My Commission Expires January 11, 1944.

AFFIDAVIT No. 19

[In connection with this affidavit see Affidavit No. 9-A, p. 3406; Affidavit No. 9-B, p. 3406; exhibits 1 to 13 attached to Affidavit No. 9-B, pp. 3407 to 3412; Memorandum No. 9-C, p. 3413; and Affidavit No. 6-A, p. 3376]

STATE OF TENNESSEE,
County of Benton.

I, Billy Hudson, Camden, Tennessee, do hereby certify that I was present at a truckers' meeting in the office of Mr. J. M. Cartwright sometime during the past summer, and at this meeting a party introduced to us as Captain Kibler made a talk. In this talk he made the statement that the Cartwright Construction Company had the complete gravel contract for the Milan Plant, and that

the Memphis Stone and Gravel Company would haul no more gravel on that project, and that if the truckers wished to continue to haul gravel, they would have to see Mr. Cartwright.

This the 21st. day of November, 1941.

BILLY HUDSON.

Sworn and subscribed to before me, this November 21, 1941.

[SEAL]

WALTER CANTRELL,
County Court Clerk.

AFFIDAVIT No. 20

[In connection with this affidavit see Affidavit No. 9-A, p. 3406; Affidavit No. 9-B, p. 3406; exhibits 1 to 13 attached to Affidavit No. 9-B, pp. 3407 to 3412; Memorandum No. 9-C, p. 3413; and Affidavit No. 6-A, p. 3376]

STATE OF TENNESSEE,
County of Benton.

I, S. E. Brison, Humboldt, Tennessee, wish to state that at a time this past summer, I attended a meeting in the office of Cartwright Construction Company where a Captain Kibler from the Milan Project made a talk to the truckers and truck drivers hauling gravel from the Camden pits to the Milan Project. In Captain Kibler's talk, he stated that the Memphis Stone and Gravel Company was now out of the picture, and that the Cartwright Construction Company would deliver the entire balance of gravel used on this project. I asked Captain Kibler, directly, if we could be assured of our pay from the Cartwright Construction Co., for hauling the gravel, and he replied that the Cartwright Construction Company would be in position to pay me fully every two weeks.

I further wish to state that I am owner of several trucks and that I have hauled gravel for the Memphis Stone and Gravel Company over a period of years and that never have I been intimidated by being told that I should haul for the Memphis Stone and Gravel Company and no one else, that if I did, I would have no future hauling for the Memphis Stone. I further wish to state that I have never heard of anybody being so treated by the Memphis Stone and Gravel Company.

This November 21, 1941.

S. E. BRISON.

Sworn and subscribed to before me, this November 21, 1941.

[SEAL]

WALTER CANTRELL,
County Court Clerk.

AFFIDAVIT No. 21

[In connection with this affidavit see Affidavit No. 9-A, p. 3406; Affidavit No. 9-B, p. 3406; exhibits 1 to 13 attached to Affidavit No. 9-B, pp. 3407 to 3412; Memorandum No. 9-C, p. 3413; and Affidavit No. 6-A, p. 3376.]

AFFIDAVIT OF RAY HALL

STATE OF TENNESSEE,
County of Benton.

Ray Hall, being duly sworn deposes and says as follows:

I, Ray Hall, am a resident of Benton County, Tennessee, and have lived here all my life. I have known the Memphis Stone & Gravel Company practically all of my life. I have hauled gravel to the Milan Plant both for the Memphis Stone & Gravel Co., and the Cartwright Construction Co., since the plant was started. I drive a truck for I. G. Bawcum of Camden, Tennessee. During all of this time I have never been requested by the Memphis Stone & Gravel Co., or any of its representatives to in any way intimidate or influence drivers of the Cartwright Construction Co., to stop work for Cartwright and to haul for the Memphis Stone & Gravel Co., nor have I been so requested or intimidated.

If the Cartwright Construction Co., had any trouble with its drivers it was due to the general reputation of the Cartwright Construction Co., acquired because of its failure to promptly pay its obligations.

It was rumored around Camden that one of the Army men at the Milan Plant had made a speech in Camden to the truck drivers when he said that the Memphis

Stone & Gravel Co., was through and that if the truck drivers wanted to haul they had better haul for Cartwright, but I didn't pay any attention to it.

RAY HALL.

Sworn to and subscribed before me this the 25th day of November 1941.

[SEAL]

J. C. PARKER, *Notary Public*.

My commission expires January 11, 1944.

AFFIDAVIT No. 22

[In connection with this affidavit see Memorandum No. 22-A on p. 3420; Memorandum No. 24-A on p. 3422; and Affidavit No. 24-B on p. 3429.]

AFFIDAVIT OF D. C. RUSSELL

STATE OF TENNESSEE,

County of Benton.

D. C. Russell, being duly sworn deposes and says as follows:

I, D. C. Russell, am 60 years of age and have lived in Benton County, Tennessee, all my life. I have been employed by the Memphis Stone & Gravel Co., since 1918 and for the past six years have been Superintendent of the Camden Plant of that Company. I am familiar with all of the operations of the Cartwright Construction Company insofar as the mining of its material and the transportation of such material is concerned. When the Cartwright Construction Co's plant was originally set up the plant as constituted could not possibly produce the amount of gravel in the quality required by the Milan Project, the amount being 2000 cubic yards or more per day. We had never considered the Cartwright Construction Company as a competitor for material produced in large quantities out of its present location for the reasons that, first, the plant as constituted did not have the capacity to produce and, second, the chert located on the property operated by the Cartwright Construction Co., according to our information, had been condemned by the Highway Department of the State of Tennessee, insofar as the production of Chert with Clay Binder is concerned. This was a material factor for the reason that this type of material was required by the Milan Project.

I had nothing to do with the contracts between the Memphis Stone & Gravel Company and the Ferguson-Oman Company insofar as the sale of the material was concerned, and know nothing of the negotiations leading up to the purchase of the material, I am, however, entirely familiar with the production of the material and with the problems concerning its transportation. I am informed that Capt. Kibler testified before the Senate Investigating Committee at Memphis, Tennessee, that two bids were made by the Memphis Stone & Gravel Company, "namely \$1.75 to meet specifications, \$1.55 to be what they termed pit run, the materials delivered would be identical in both cases." (1) The gravel prepared to meet specifications for the Milan Plant had to be mined by a power shovel, loaded onto railway cars or trucks and transported to the plant from distances varying from three hundred yards to one half of a mile. The material then is sized and all material not passing through a two inch screen is then crushed to such sizes that will eventually pass through such screen and uniformly mixed with the original material so as to furnish the finished product. Insofar as pit run material is concerned, this is simply loaded directly from the bank into the truck and hauled to its destination without any further processing. The difference in the amount of the bids mentioned by Capt. Kibler was occasioned by the difference in the cost of producing the different type materials. The plant used in preparing this material to meet the specifications of the Milan Project represents an investment of approximately a hundred thousand dollars.

We have never had to resort to any unethical practices in order to obtain sufficient transportation for our material. We have always had our pick of the available trucks in this vicinity. The Memphis Stone & Gravel Company, through me or through any of its other officers or employees, insofar as I know, has never by intimidation, coercion or otherwise attempted to obtain truckers from the Cartwright Construction Company or any other competitive operator.

We have attempted at all times, and will continue, to meet specifications both as to quantity and quality of material which we contract to supply.

D. C. RUSSELL.

Sworn to and subscribed before me this the 25th day of November 1941.

[SEAL]

J. C. PARKER, *Notary Public*.

My commission expires Jan. 11, 1944.

MEMORANDUM No. 22-A

MEMORANDUM

The foregoing affidavit of D. C. Russell quotes Captain Kibler as saying that the material delivered at \$1.75 a yard would be identical with "pit run" and is not in accordance with Captain Kibler's testimony. Transcript indicates Captain Kibler testified that he was advised (by John Lord) that identical material would be delivered if the lower price was accepted.

Mr. Russell claims that the Memphis Stone and Gravel Company always had their pick of available trucks and they did not "through any of its officers or employees intimidate or attempt to obtain truckers from the Cartwright Construction Company."

This part of the affidavit should be evaluated in the light of the letter received from the Memphis Stone and Gravel Company, included in this record, which indicated that in order to obtain trucks it is necessary to enlist the service of the Tennessee Transportation Company (Marshall Priest who placed the individual trucks under an exclusive operating contract).

AFFIDAVIT No. 23

[In connection with this affidavit see Memorandum No. 23-A on p. 3421, Memorandum No. 24-A on p. 3422; and Affidavit No. 24-B on p. 3429]

AFFIDAVIT OF R. S. SMITH

STATE OF TENNESSEE,
County of Benton.

R. S. Smith, being duly sworn deposes and says as follows:

I, R. S. Smith, am a resident of Memphis, Shelby County, Tennessee, but during the mining and transportation of material from the Camden Plant of the Memphis Stone & Gravel Company to the Wolf Creek Ordnance Plant and the Milan Ordnance Depot have spent the major portion of my time at the Camden Plant of the Memphis Stone & Gravel Company in my capacity as Supervisor of the several plants of the Memphis Stone & Gravel Company. I am familiar with all of the operations of the Camden Plant insofar as production and transportation of materials to the Milan Project is concerned, but I have had no part in the negotiations leading up to and concerning the sale of the material. I have also read the testimony of Capt. George N. Kibler given before the Senate Investigating Committee at Memphis, Tennessee. I have been in the gravel business in and around North Mississippi and West Tennessee for the past twenty years and know the business and the operators in this territory more or less intimately. I have known the Cartwright Construction Company for a long period of time. I have been in close touch with that Company since 1937 at which time the Memphis Stone & Gravel Company was operating in and around Tipton and Lauderdale Counties. The Cartwright Construction Company had its home office in Ripley, Tennessee, in Lauderdale County at that time. It then had a bad reputation insofar as paying its bills was concerned. That reputation has continued up to the present date. For this reason when the Cartwright Construction Company began to move chert from its location near Camden, Tennessee, to the Milan Plant it had considerable difficulty in obtaining truckers to transport its material since Cartwright's reputation for being bad pay was generally known to the truck owners in this territory. His equipment has been attached by the Courts, so I have been informed and he has been sued for non-payment of his indebtednesses from time to time. His reputation was so general that a deputation of the truck drivers in this vicinity, so I am informed, went to the Milan Plant in an effort to have their pay guaranteed before they would haul for him. Under these circumstances he naturally had difficulty in obtaining truckers to fulfill his commitments with the Milan Plant. On the other hand the Memphis Stone & Gravel Company has been fortunate enough to have been able to carry out its obligations to its truckers at all times and it naturally has the confidence of the truckers in this territory. We have never had any difficulty in obtaining our share of the truckers operating in this vicinity. For this reason we have had no occasion to interfere with or attempt to employ the truck drivers or the truckers of the Cartwright Construction Company. If persons who had been hauling for the Cartwright Construction Company came to our plant we have always been willing to employ

them and we have never raised any objection to truckers who had been hauling for us when they went to haul for Cartwright. There have been instances where a truck in a single day has hauled both for the Memphis Stone & Gravel Co., and the Cartwright Construction Co., without objection on our part. We have never interfered with or attempted to wean away the truckers of the Cartwright Construction Co., or any other competitive operator.

Mr. D. C. Russell, the Camden Plant Superintendent of the Memphis Stone & Gravel Company has already fully covered and explained the difference between our pit run material and our material processed to meet the specifications of the Milan Project. The absurdity of Capt. Kibler's testimony to the effect that our pit run material and our material processed to meet the Milan specifications is apparent and obvious to any experienced gravel operator or consumer.

R. S. SMITH.

Sworn to and subscribed before me this the 25th day of November 1941.

[SEAL]

J. C. PARKER, *Notary Public*.

My commission expires Jan. 11, 1944.

MEMORANDUM No. 23-A

MEMORANDUM

The affidavit of R. S. Smith quotes several instances wherein the circumstances set out by Mr. Smith are qualified with the statement "so I am informed". These circumstances, such as the credit standing of the Cartwright Construction Company etc., are not based on first-hand knowledge of Mr. Smith although based on this hypothesis he makes this deduction: "under these circumstances he naturally had difficulty in obtaining truckers to fulfill his commitments with the Milan plant". Mr. Smith's deduction is not based on facts personally known to him.

His statement that the Memphis Stone and Gravel Company had no difficulty in obtaining truck drivers and had never transferred or attempted to take truck drivers away from the Cartwright Construction Company should be evaluated in the light of the letter from the Memphis Stone and Gravel Company, included in this record, wherein it was found necessary to obtain trucks through the Tennessee Transportation Company (Marshall Priest).

Mr. Smith misquotes the testimony of Captain Kibler with respect to pit-run gravel being identical with first-run which is not in accordance with the testimony.

AFFIDAVIT No. 24

[In connection with this affidavit see Memorandum No. 24-A on p. 3422, and Affidavit No. 24-B on p. 3429.]

AFFIDAVIT OF W. L. SMITH

STATE OF TENNESSEE,
County of Shelby.

W. L. Smith, being duly sworn deposes and says as follows:

I, W. L. Smith, am President of the Memphis Stone & Gravel Company and my Mother, Mrs. W. L. Smith, owns the majority of the stock of the Company. I have been in close collaboration with Mr. J. S. Cooper, the Secretary & Treasurer of the Company, who has largely handled all of the matters in connection with the sale of chert by the Memphis Stone & Gravel Company for use in the Wolf Creek Ordnance Plant and the Milan Ordnance Depot, and I am familiar with all of the circumstances surrounding such sale. I was also present in the Court Room of the United States District Court at Memphis when Capt. George N. Kibler testified before the Investigating Committee of the United States Senate on November 17th, 1941, and heard the testimony of Capt. Kibler.

In considering its bid for the material to be supplied for the above mentioned projects, the Memphis Stone & Gravel Company considered its ability to deliver the quantity of material required and, also, the quality of such material, in which consideration was involved the question of the manner in which the material would be delivered. It was determined that the material could be more economi-

cally delivered by independent truckers who would receive a fixed amount per yard for material transported from the plant of the Memphis Stone & Gravel Company at Camden, Tennessee, to the points required at the Wolf Creek Ordnance Plant or the Milan Ordnance Depot. After considering all of these questions at the outset of the project (the Wolf Creek Ordnance Plant being the first of the projects) the Memphis Stone & Gravel Company made its considered bid which was accepted by the Ferguson-Oman Company with the approval of the United States Army's Constructing Quartermaster. The Memphis Stone & Gravel Company has endeavored through the life of its several contracts to carry out its undertakings in detail, not only to maintain its reputation built up over a long period of time but also because of the fact that the Memphis Stone & Gravel Company is financially responsible for any failure to live up to the terms of its several agreements.

The Memphis Stone & Gravel Company has at no time interfered with or attempted to interfere with the Cartwright Construction Company in its delivery of gravel or chert under a similar contract, nor has it has occasion so to do.

The Memphis Stone & Gravel Company has at no time during the life of the contracts for delivery of materials to the Wolf Creek Ordnance Plant or the Milan Ordnance Depot paid anything to any persons other than its legitimate representatives or employees. I specifically deny that the Memphis Stone & Gravel Company has made or countenanced any "kick back", as insinuated by Capt. Kibler.

Contrary to the testimony of Capt. Kibler, Mr. Marshall Priest of Huntingdon, Tennessee, has no interest in the Memphis Stone & Gravel Company, nor has he ever had such an interest. The Memphis Stone & Gravel Company has no contacts, commercial or otherwise, with the Mississippi Testing Laboratory and the only money which has ever been paid by the Memphis Stone & Gravel Company to the Mississippi Testing Laboratory was for the salary of an inspector who was placed at the plant of the Memphis Stone & Gravel Company at Camden, Tenn., at the same time that an inspector with similar duties was placed at the plant of the Cartwright Construction Company. This salary was paid until it was determined that this arrangement was impracticable.

The Memphis Stone & Gravel Company has at all times attempted to carry out all terms of its contract with the Wolf Creek Ordnance Plant and the Milan Ordnance Depot and will continue so to do.

W. L. SMITH.

Sworn to and subscribed before me this the 26th day of November, 1941.

[SEAL]

L. C. RING, *Notary Public*.

My commission expires Jan. 11, 1944.

MEMORANDUM No. 24-A

MEMORANDUM

Mr. W. L. Smith in his affidavit states that the Memphis Stone and Gravel Company "has at no time interfered with the Cartwright Construction Company in its delivery of gravel or chert under a similar contract nor has it had occasion so to do."

"The Memphis Stone and Gravel Company has at no time paid anything to persons other than its legitimate representatives or employees."

"Mr. Marshall Priest of Huntingdon, Tennessee, has no interest in the Memphis Stone and Gravel Company nor has he ever had such an interest."

Mr. Smith's affidavit should be considered in the light of the following letter received over his signature in which it is indicated that the Memphis Stone and Gravel Company had a contract with Marshall Priest operating as the Tennessee Transportation Company, wherein a consideration was paid for the retention of trucks used in performing on a contract held by the Memphis Stone and Gravel Company.

[Exhibit 1 attached to Memorandum 24-A.]

MEMPHIS STONE AND GRAVEL CO.,
Memphis, Tenn., December 31, 1941.

MR. H. G. ROBINSON,
160 Senate Office Building, Washington, D. C.

DEAR MR. ROBINSON: Finally we have gotten the detailed information for you on the connection this company had with Messrs. George Dodson and Marshall Priest on the gravel contract with the Wolf Creek Ordnance Plant. We are very sorry to have delayed so long, but we more or less took a holiday over Christmas and went duck hunting in Arkansas.

Enelosed is a photostat of the contract between this company and the Tennessee Transportation Company. You did not ask for that, but it appears to set out more clearly the whole set-up than can be explained in a letter.

We started hauling on the original purchase order for 10,000 yards on February 5, working under the Tennessee Transportation Company agreement. Naturally, it took us some while to accumulate trucks and get into real production. We were able to complete this contract on February 17. We started shipments immediately on Purchase Order No. T-138 which finally amounted to 51,000 yards, and this was completed on March 28. Then we were awarded Purchase Order No. 1704 which amounted to 130,770.91 yards, this being completed on July 15. After that date, we severed all connection with the Tennessee Transportation Company, and so I am not listing further shipments.

As stated to you personally in the office, we soon realized that we were receiving no benefit from the Transportation Company and were creating a lot of ill-feeling and difficulties for ourselves. We could not shut off the arrangement immediately, however, for they had gone to considerable expense installing a special service station at Huntingdon for the gas and oil. We were able, however, to take over this whole set-up on March 16. We had to continue paying them under the contract, however, for some time after that; but we were able on that date to let it be known that this company was in entire charge of the trucking situation and also make it known that no longer would there be any pressure, either expressed or implied, on any trucker to purchase his supplies, repairs, etc. at any particular service station. As a matter of fact, I do not think any real pressure was put on any of the truckers by the Tennessee Transportation Company but there was considerable rumor and dissatisfaction about this particular point.

From March 16 until the final cancellation of the contract at the finish of Purchase Order No. 1704 on July 15, we did everything we could to get Messrs. Dodson and Priest to cancel the agreement. Naturally, they did not want to give up such a lucrative proposition. Finally, however, when we completed the Purchase Order No. 1704, it appeared that we were finished entirely and all future shipments would be made by the Cartwright Construction Company. They therefore agreed to the cancellation and brought an end to the whole connection.

We are setting forth below a list of the purchase orders, amounts of these orders and the sums paid the Tennessee Transportation Company. You will notice that we did not pay them 10¢ straight through, for they finally accepted a two-cent cut after considerable pressure on our part.

Start	End	Purchase order No.	Total yards shipped	Comm. to Tennessee Transportation	Amount paid Tennessee Transportation Co.
2/5	2/17	T-120	10,000.00	\$0.10	\$1,000.00
2/18	3/28	T-138	51,000.00	.10	5,100.00
4/10	7/15	1704	130,770.91	.08	10,461.66
					16,561.66

I believe the above is a complete picture of this most unfortunate situation. If, however, you would like to have further information or any details on the above, we shall be delighted to cooperate with you.

Trusting that all goes well with you and that you will have a Happy and Successful New Year, we are

Yours very truly

MEMPHIS STONE & GRAVEL COMPANY,
By W. L. SMITH.

WLS:mr

MEMPHIS STONE AND GRAVEL CO.,
Memphis, Tenn., December 31, 1941.

Mr. H. G. ROBINSON,
*160 Senate Office Building,
Washington, D. C.*

DEAR MR. ROBINSON: After going over the enclosed letter detailing payments, etc., to the Tennessee Transportation Company, we have decided that it would probably be better to state again the reasons for the Memphis Stone & Gravel Company's entering into the contract with the Tennessee Transportation Company. You and the writer discussed these reasons in this office, but lest there be any misunderstanding, we should like to present them again.

We have been delivering material by truck for about five years and have had, therefore, considerable experience with the difficulties encountered with a large group of independent haulers. It is always hard to get enough trucks and hard to keep them working all the time. Many of these men are unreliable and have little respect for any contract. Also, they break down frequently, requiring additional trucks. They have no financial responsibility; hence, we always have the possibility of lawsuits arising from their accidents. They have to be paid promptly and in most cases, their accounts for repairs, gasoline, oil, tires, etc., have to be more or less guaranteed by the gravel company. Some of them hire drivers and should be paying Social Security, etc., but it is very doubtful that they do it. Right now, the State of Tennessee is trying to check all of our hauls over the past several years on the Social Security question. We have always tried to establish clearly the independent contractor relationship by using a contract with each individual truck. So far, we have not had a suit on this question, so we still may have trouble establishing this relationship when it does come. The National Sand & Gravel Association is now fighting suits for other producers on this question.

It might appear from all these difficulties that we would be better off, if we could afford it, to purchase our own hauling equipment. The fact is, however, that the independent truckers in this area will haul very much cheaper than any established trucking contractor. We own about 15 trucks and use them on our hauls whenever trouble from strikes arises. We charge ourselves at the rate the truckers get and lose money consistently in our truck account. To meet competition, therefore, we are forced to use the independents.

Before construction actually started at Milan, the representatives of the Ferguson-Oman Company whom we contacted stated that they would probably need in the neighborhood of 4,000 yards per 24 hours and might take as much as 5,000 yards. This would entail the use of about 250 trucks and that is very many more than we had ever used before.

We welcomed, therefore, the opportunity to put all the responsibility, liability and financial burden on a third party. We were willing to pay more to get out of all this trouble and particularly to get away from the vast amount of detailed office work involved on such a large haul.

Messrs. Priest and Dodson are both Ford dealers in contact with the truckers in this section. We understand that Mr. Priest had gone into the business particularly and had a nucleus of around 35 trucks already sold on terms. They represented to us that they could get all the necessary equipment and that they would keep us supplied with a sufficient number of trucks to keep our plant running steadily.

From the first day of the haul, it became apparent that they were in no better position to furnish this large number of trucks than we were, for most of the truckers came to us direct and had to be sent to Huntingdon to sign up with the Tennessee Transportation Company. Also, we immediately heard that the Camden dealers and their following of trucks were very much upset over the arrangement. There appears to be considerable rivalry between Camden and Huntingdon, and both factions have been political enemies for a long time. All sorts of rumors went around that the trucks hauling for the Tennessee Transportation Company were being forced to buy all gasoline, oil, repairs, insurance, tires, etc., from persons specified by the Tennessee Transportation Company at prices higher than the truckers had been accustomed to pay. We looked into this particular question at once and were assured that it was not true. The Tennessee Transportation Company was using a contract with each trucker which did provide for the purchase of supplies from the Transportation Company, but they assured us that this clause was not enforced.

Finally, on the first payday, we found that we had to pay off all the truckers since the Tennessee Transportation Company was unable to finance it.

From practically every angle, therefore, the arrangement was unsatisfactory. As stated to you, we felt that we had caught a bear by the tail and started doing everything in our power to alleviate the situation. We had already signed a contract, but we insisted that the control and payment of the trucks must come away from Huntingdon, or chaos would result. We were finally able to prevail upon them to turn over this part to us on March 16. From then on, we were constantly trying to get them to cancel the contract entirely but were unable to do so until about July 15, as is set out in the previous letter.

Trusting that this rather lengthy explanation will help to clear up this whole situation, we are

Respectfully yours,

MEMPHIS STONE & GRAVEL COMPANY,
By W. L. SMITH.

WLS:mr

CONTRACT

THIS AGREEMENT, made and entered into in triplicate by and between the MEMPHIS STONE & GRAVEL COMPANY, a Tennessee Corporation, hereinafter called the GRAVEL COMPANY, and M. F. PRIEST and G. D. DODSON, a partnership, doing business under the firm name TENNESSEE TRANSPORTATION COMPANY, hereinafter called THE TRANSPORTATION COMPANY

WITNESSETH:

That whereas the Gravel Company has received a purchase order from the Ferguson-Oman Company, general contractors in charge of the construction of the Wolf Creek Ordnance Plant in the vicinity of Milan, Tennessee, for approximately ten thousand cubic yards of Camden Chert at a price delivered within the area of the Wolf Creek Ordnance Plant of Two Dollars Twenty-Five Cents (\$2.25) per cubic yard, and

WHEREAS, the Gravel Company anticipates receiving further orders of gravel to be used in the construction of the said Wolf Creek Ordnance Plant, and

WHEREAS, the Transportation Company is now in the position to supply the necessary trucks to transport the said gravel from the Camden plant of the Gravel Company to its destination as contemplated under the terms of the order from the Ferguson-Oman Company,

NOW THEREFORE, it is mutually agreed by and between the parties hereto that the Transportation Company will transport all gravel sold by the Gravel Company to the Ferguson-Oman Company for the said Wolf Creek Ordnance Plant and place said gravel in running dumps and/or stock piles as directed by the representatives of the Ferguson-Oman Company in such quantities and at such times as the said Ferguson-Oman Company shall call upon the Gravel Company for delivery.

The Transportation Company agrees to, insofar as it is legally required so to do, pay or required to be paid all taxes and license fees levied or assessed on equipment used or contracted for by the Transportation Company in the transportation of said gravel, and to pay or require to be paid, all taxes or contributions for Old Age Retirement plans, Unemployment Insurance, Workman's Compensation Insurance or Social Security levied or required by the United States Government or by the State of Tennessee for which such Transportation Company shall be legally liable by reason of the employment of any person or persons by the Transportation Company or any of its sub-contractors in the fulfillment of this contract and the Transportation Company further agrees to comply with or require all sub-contractors used by the Transportation Company in the fulfillment of this contract to comply with insofar as may be legally required, the terms of the Fair Labor Relations Act commonly known as the Wages & Hours Law, and the Gravel Company shall have the right at all times to require evidence from the Transportation Company of the fulfillment of the terms and agreement contained in this paragraph of this contract, but the failure of the Gravel Company to require such evidence shall not be construed to be a waiver of the provisions of this paragraph of this contract and the Transportation Company expressly agrees to indemnify and further hold harmless the Gravel Company from any action, cause of action, liability, claim or demand arising or growing out of the failure of the Transportation Company to comply with the terms of this paragraph of this contract.

The Gravel Company agrees to pay to the Transportation Company for each and every cubic yard of gravel transported under the terms of this agreement One Dollar and Twenty Cents (\$1.20) and the signed receipts of the consignee shall be conclusive evidence of the amount of the gravel so transported, such payment to be made semi-monthly for the amount of the gravel so transported for the next preceeding one-half month as promptly after the expiration of the said one-half month as is reasonably practical.

The Transportation Company agrees to insure or require to be insured all trucks used by it or its sub-contractors in the fulfillment of this contract against public liability and property damage for limits not less than \$10,000.00 and \$20,000.00 for public liability and \$5,000.00 for property damage in some good and solvent insurance company, the satisfactory evidence of such insurance to be furnished the Gravel Company on request.

In the event that the Transportation Company shall be unable for any reason to furnish transportation for the gravel sold by the Gravel Company to be used in the construction of the said Wolf Creek Ordnance Plant then and in that event the Gravel Company shall have the right to acquire, employ and obtain the necessary transportation for said gravel, and in that event the price to be paid the Transportation Company shall remain One Dollar and Twenty Cents (\$1.20) per cubic yard on all gravel transported in trucks other than those of or furnished by the Transportation Company, but it is agreed between the parties that there shall be deducted from the said sum of One Dollar and Twenty Cents (\$1.20) per cubic yard the Gravel Company's transportation cost and the Transportation Company agrees to supervise and at all times assist the Gravel Company in the efficient transportation of such gravel insofar as it is able to do.

The terms of this contract contemplate the transportation of the gravel by truck and in the event that it becomes necessary or advisable to transport any of the said gravel by rail then and in that event this contract shall have no application to such gravel so transported by rail.

IN WITNESS WHEREOF, the parties hereto have set their hands and seals by their members and duly authorized officers, this the 4th day of February, 1941.

MEMPHIS STONE & GRAVEL COMPANY,
By W. L. SMITH, President.
TENNESSEE TRANSPORTATION COMPANY,
By M. F. PRIEST, *Partner*.
By G. D. DODSON, *Partner*.

Attest:

J. S. COOPER, *Secretary*.

[Exhibit 2 attached to Memorandum No. 24-A]

PRIEST MOTOR COMPANY,
Huntingdon, Tenn., Jan. 9, 1942.

Hon. HUGH A. FULTON,
*Council, Truman Senate Investigating Com.,
Washington, D. C.*

DEAR SIR: With further reference to your telegrams of Jan. 2 and Jan. 6, I am pleased to hand you herewith a list of the truck owners and drivers as nearly correct as my records indicate. These owned approximately 127 trucks. I enclose one of the Agreements that we used in our operation but that portion in regard to the sale of gas, oil and tires and repairs was, by mutual consent, discontinued in about a week as I realized the impracticability of its enforcement.

We bought during our operation, 42,624 gallons of gas at 16 $\frac{3}{4}$ ¢ and sold same to the truck owners at 20¢. We also bought 42,511 gallons of gas during the same operation at 16 $\frac{1}{2}$ ¢ and sold it to truck owners at 18¢. We bought 333 gallons of oil at 56¢ per gallon that we sold for 25¢ per quart. We bought 263 gallons of Quaker State oil at 87¢ per gallon and sold it to the truck owners at 35¢ per quart. We sold very few tires during our operation, I would say not more than 6 at the outside. The ones sold were sold at published Goodyear retail prices.

The public liability and property damage insurance was procured by most of the owners of the trucks with whom we contracted from a local agent, Mr. W. B. Argo, and our information is that the truck owners were charged with actually the amount of premium that was charged by the insurance company. We enclose a statement from W. B. Argo, the agent, with reference to the charges

made. Some of the truck owners, we do not know how many, procured insurance from other agents and as to these we have no information.

If any further information is desired I will be pleased to furnish same.

Very truly yours,

TENNESSEE TRANSPORTATION Co.
By MARSHAL PRIEST.
M. F. PRIEST.

[Exhibit 3 attached to Memorandum No. 24-A]

LIST OF TRUCK OWNERS AND DRIVERS HAULING FOR TENNESSEE TRANSPORTATION COMPANY, HUNTINGDON, TENNESSEE

I. W. Bawcum, Camden, Tennessee.
R. L. Norden, Huntingdon, Tennessee.
R. L. Burcham, Paris, Tennessee.
L. O. Green, Hollow Rock, Tennessee.
J. L. McGlohon, Camden, Tennessee.
S. E. Brison, Humboldt, Tennessee.
W. H. Key, Camden, Tennessee.
Curtis Foster, Mansfield, Tennessee.
Virginia Flynn, Camden, Tennessee.
R. T. Flynn, Camden, Tennessee.
C. L. Wilson, Vale, Tennessee.
Allen Jordan, Camden, Tennessee.
T. J. O'Donnilly, Huntingdon, Tennessee.
G. E. Rich, Huntingdon, Tennessee.
S. L. Baucum, Camden, Tennessee.
R. E. Bunch, Wildersville, Tennessee.
Chas. Foster, Bruceton, Tennessee.
J. L. Belew, Wildersville, Tennessee.
L. L. Green, Bruceton, Tennessee.
W. W. Cowell, Camden, Tennessee.
W. T. Taylor, Milan, Tennessee.
T. S. Spain, Cedar Grove, Tennessee.
Frank Holland, Camden, Tennessee.
Geo. Belew, Trezavant, Tennessee.
Odell Jordan, Camden, Tennessee.
Paul Arnold, Trezevant, Tennessee.
J. H. McIlwain, Holladay, Tennessee.
Odell Flowers, Holladay, Tennessee.
Haggard Brown, Buena Vista, Tennessee.
G. J. Snead, McKenzie, Tennessee.
Bill More, Huntingdon, Tennessee.
C. A. Jordan, Bruceton, Tennessee.
Moses Jordan, Camden, Tennessee.
James Taylor, Camden, Tennessee.
Alf Taylor, Camden, Tennessee.
E. E. Peterson, Wildersville, Tennessee.
R. L. Jordan, Camden, Tennessee.
B. G. Longworth, Trezevant, Tennessee.
Warner Agee, Dyersburg, Tennessee.
Ben Birdwell, Yuma, Tennessee.
Erwin Newell, Lavinia, Tennessee.
Francis Sexton, McKenzie, Tennessee.
Jessie Crocker, McKenzie, Tennessee.
E. H. Hadley, Covington, Tennessee.
J. H. Ross, Trezevant, Tennessee.
Memphis Stone & Gravel, Memphis, Tennessee.
Paul Wells, Camden, Tennessee.
R. F. Hedges, Camden, Tennessee.
Graham Baucum, Camden, Tennessee.
E. F. Boyd, Vale, Tennessee.
J. L. Fowler, Bruceton, Tennessee.
Clyde Allen, Bruceton, Tennessee.
Glenn Allen, Bruceton, Tennessee.
B. F. Blake, Address unknown.

Joe Chambers, Bruceton, Tennessee.
 Elvis Clayton, Vale, Tennessee.
 W. W. Enochs, Westport, Tennessee.
 Fred Fowler, Bruceton, Tennessee.
 H. L. Hubbs, Address unknown.
 Newman Jones, Address unknown.
 Floyd Kirk, Address unknown.
 W. H. Lassiter, Huntingdon, Tennessee.
 W. H. Lashlee, Camden, Tennessee.
 Roy Loggins, Address unknown.
 L. L. Lowe, Bruceton, Tennessee.
 Alvis Mabry, Vale, Tennessee.
 Tommie Mann, Huntingdon, Tennessee.
 H. T. Park, Bruceton, Tennessee.
 H. D. Pratt, Wildersville, Tennessee.
 Tom Parker, Wildersville, Tennessee.
 J. M. Verdell, McKenzie, Tennessee.
 C. B. Walker, Wildersville, Tennessee.

[Exhibit 4 attached to Memorandum No. 24-A]

AGREEMENT

This contract and agreement made and entered into by and between M. F. Priest and George Dodson, doing business under the firm name Tennessee Transportation Company hereinafter referred to as the Company, and L. L. Green, an independent contractor, hereinafter referred to as the Contractor.

WITNESSETH:

That, whereas, the Company has the contract to furnish gravel to the Shell Loading Ordnance Plant in the vicinity of Milan, Tennessee, and

Whereas, the Company is desirous of obtaining facilities for the transportation of such gravel from the Memphis Stone and Gravel Pit located about one mile east of Camden, Tennessee, to the Shell Loading Ordnance Plant in the vicinity of Milan, Tennessee, to any point in said area, and

Whereas, the Contractor is the owner of 1 truck.

Now, therefore, the Contractor agrees to load, transport and deliver by truck and unload such quantities of gravel as the Contractor, in the exercise of his reasonable discretion is able to handle from the Memphis Stone and Gravel Pits, located about one mile east of Camden, Tennessee to the Shell Loading Ordnance Plant area in the vicinity of Milan, Tennessee.

In consideration of the handling of said gravel as hereinabove set out, the Company agrees to pay to the Contractor the sum of One Dollar and Ten Cents (\$1.10) per yard/ton for each and every yard/ton of gravel delivered as hereinabove set out. The payment for such deliveries is to be made on the Saturday following the 1st and the 15th day of each and every month, the payments, however, to be based upon the signed receipt, or receipts, of an authorized representative of the Company's customer, Ferguson-Oman Company, to whom delivery shall have been made for which payment is claimed.

It is understood and agreed by and between the parties hereto, that the Contractor shall furnish such trucking equipment as in his judgment may be necessary, proper and efficient for the accomplishment of the objects of this contract, together with such driver or drivers for his equipment as the contractor may deem necessary and proper. The company shall have no control over the mode, method or handling of the said trucks when being loaded or unloaded or in transit, or of the necessary equipment thereof, or of the drivers thereof, or of the qualifications or payment for the services of the said drivers, or of their retention in the employment of the Contractor, or of their discharge, such matters to be entirely within the control and discretion of the Contractor. All taxes and license fees levied on the equipment used by the said Contractor, and all taxes or contributions for Old Age Retirement Plans, Unemployment Insurance, Workman's Compensation Insurance, or Social Security levied or required by the United States Government, or by the State of Tennessee, by reason of the employment by the Contractor of any person or persons in the fulfillment of this contract, are hereby expressly assumed by the Contractor.

Contractor further agrees that during the lifetime of this contract, he will not lay off for any reason other than sickness, nor permit his truck to be taken off the job unless said truck is mechanically disabled or the driver thereof physically unable to work.

Contractor further agrees that during the lifetime of this contract he will purchase all gasoline, oil, grease, tires, tubes and service from the Company at its plant located near the County Shop in Huntingdon, Tennessee.

Contractor further agrees that during the lifetime of this contract he will at all times keep his truck or trucks completely covered with Fire, Theft and Collision Insurance, \$50.00 deductible, and will cause each and every one of his said trucks to be covered with personal liability and property damage insurance in the amounts of \$10,000.00 \$20,000.00 and \$5,000.00, in some reliable insurance company.

Contractor further agrees that during the life of this contract, if necessity arises, he will cause his said truck or trucks to be operated day and night, and will furnish sober and honest drivers for this work.

Contractor further agrees that during the life of this contract the Company may deduct from his said check twice each month his account for gasoline, oil, grease, and service, tires, tubes and such other materials as he may from time to time need.

This contract shall begin on the 5 day of Feb., 1941, and terminate when the hauling operation to the Shell Loading Ordnance Plant is completed unless otherwise terminated by the Company, which said right it expressly reserves.

IT IS FURTHER AGREED AND UNDERSTOOD by the parties hereto that the relationship of Contractee, on the part of the Company, and the independent Contractor on the part of the Contractor, is contemplated by this instrument and that no other relation is intended to be created thereby. The intention to create the relationship of Master and Servant or the relationship of Principal and Agent is expressly repudiated by the parties hereto.

IN WITNESS WHEREOF the parties hereto have hereunto set their hands and affixed their seals on this the 5 day of Feb., 1941.

TENNESSEE TRANSPORTATION COMPANY,
By M. F. PRIEST
L. L. GREEN

Contractor.

[Written in pencil:]

license 35-874
Motor No. 3517277

[On back of agreement]

Truck No. 28
L. L. Green
License No. 35-874
Motor No. 3517277

AFFIDAVIT No. 24-B

I, Mrs. J. M. Cartwright, having been sworn previously in this proceeding make the following statement in the further support of my testimony to Mr. H. G. Robinson, knowing him to be an Investigator of the Special Senate Committee Investigating the National Defense Program.

I was present in the office of the Cartwright Construction Company at the time Mr. O. E. Gossert was interviewed by Mr. H. G. Robinson and I have read the affidavit executed by Mr. Gossert which correctly reflects the facts as related to Mr. Robinson by him.

I was also present at the time Mr. Robinson interviewed Mr. R. T. Flynn who is presently hauling chert with five trucks employed partly by the Memphis Stone and Gravel Company and partly by the Cartwright Construction Company. Mr. Flynn advised him that he had gotten the job of hauling chert for the Memphis Stone and Gravel Company originally from Marshall Priest and had placed five trucks on the haul, that he entered into a contract with Marshall Priest requiring him to purchase all oil, gas, insurance and accessories from Marshall Priest and on one occasion he desired to trade in two of his trucks and wanted to be assured

that this was not covered in the contract he had signed with Priest and, accordingly, had visited Priest's office to see a copy of his contract, that this was the last time he had seen this contract and knew of no others in the possession of the various truck drivers, inasmuch as it was his understanding that Marshall Priest had kept all copies.

Mr. Flynn also stated to Mr. Robinson that at the outset, checks of the Memphis Stone and Gravel Company in payment to the truck drivers for their services, were distributed by Marshall Priest at his garage in Huntingdon, Tennessee.

(Signed) Mrs. J. M. CARTWRIGHT.

Sworn to and subscribed to before me, at office in Camden, Tennessee this January 27, 1942.

[SEAL]

E. W. THOMAS, *Clerk and Master.*

AFFIDAVIT No. 25

[In connection with this affidavit see Memorandum No. 25-A on p. 3433; Memorandum No. 24-A on p. 3422; and Affidavit No. 21-B on p. 3429]

AFFIDAVIT OF J. S. COOPER

STATE OF TENNESSEE,

County of Benton

J. S. Cooper, being duly sworn deposes and says as follows:

I, J. S. Cooper, am a resident citizen of Shelby County, Tennessee, and am Secretary & Treasurer of the Memphis Stone & Gravel Company, having held such position for the past fifteen years. I have been employed by the Memphis Stone & Gravel Company for the past twenty-three years. I have largely had charge of the handling of the transportation and sale of chert for use in the construction of the roads in the Wolf Creek Ordnance Plant and the Milan Ordnance Depot near Milan, Tennessee, and am fully conversant with all of the details arising in connection with such sale. I have also carefully read the transcript of the testimony of Capt. George N. Kibler offered before the Investigating Committee of the United States Senate at the hearing held in Memphis, Tennessee, on November 17th and 18th, 1941, and am fully advised concerning such testimony.

Upon hearing of the possibility of the purchase of the amount of chert necessary for the roads in the Wolf Creek Ordnance Plant, the Memphis Stone & Gravel Company immediately considered the possibility of putting itself in a position to supply this chert in the quantity and quality which would be required and, also, considered the cost of placing the plant which it had had at Camden, Tennessee, intermittently idle for a long period of time, in a condition to produce the amount of material required. Before considering the amount per yard at which such material could be produced and delivered, the question of the transportation of the material was carefully considered in figuring the bid. At all times the Memphis Stone & Gravel Company has considered this matter from the standpoint of a fair profit, bearing in mind at all times its responsibility to deliver under the terms of its contract, both as to quantity and quality, it having in mind not only its obligations under the instant contract, but its responsibility in the field built up over a long period of satisfactory dealing with its customers. The bids submitted by the Memphis Stone & Gravel Company have been made on these bases.

We have at all times endeavored to carry out to the letter the terms of the purchase orders which we have been fortunate enough to receive from the Ferguson-Oman Company and shall continue so to do.

Having been directly in charge of the matters in connection with this contract, I am fully familiar with all of the dealings had with the persons hauling this material. At the time this contract was originally considered, it was determined that the best method of transporting this material would be to have it hauled by independent contractors. This was determined for the reason that it would be unprofitable for the Memphis Stone & Gravel Company to purchase or hire sufficient trucks to transport the material, the only practicable method of transportation being by truck. This conclusion was based on our past experience in owning, operating and hiring trucks. For this reason our regular independent truckers contract was used, which was executed by all persons hauling gravel for the Memphis Stone & Gravel Company on the Milan Projects, an unexecuted copy of which is hereto attached and marked "Exhibit A".¹ Under the terms of

¹ See attached agreement infra p. 3432.

this contract the Memphis Stone & Gravel Company had no right to direct, control or otherwise interfere with the operations of the individual truck owners in the carrying out of the terms of their respective contracts, and for this reason the Memphis Stone & Gravel Company did not have the right to call upon the individual independent contractors hauling this material to interfere with, intimidate, or otherwise coeresce the truck drivers of the Cartwright Construction Company or any other competitor as testified to by Capt. Kibler. The Memphis Stone & Gravel Company or it's representatives have at no time interfered with, tampered with, coeresced, or attempted to coeresce the drivers of trucks employed by or engaged in hauling the chert of the Cartwright Construction Company.

In the testimony of Capt. Kibler, which I have carefully considered, it appears that the Cartwright Construction Company has had some difficulties with its truck drivers, and Capt. Kibler, frankly basing his statement on rumors, has stated that this difficulty was brought about by action of the Memphis Stone & Gravel Company. Such actions are specifically denied. I further state that I am not familiar with any arrangement or condition of any contract which Mr. Marshall Priest, mentioned in the testimony of Capt. Kibler, may have had with persons who purchased trucks from him or from the Priest Motor Company on conditional sales contracts or otherwise, and I am not advised of Mr. Priest having exerted any pressure on any conditional sales vendee of his or other purchaser from him, to require such person to haul gravel for the Memphis Stone & Gravel Co. I further state that Mr. Priest does not now have nor has he ever had any interest in the Memphis Stone & Gravel Company, either as a stockholder or in any other manner.

I further state that the Memphis Stone & Gravel Company had no interest in or contract with the Mississippi Testing Laboratory, the chert inspector employed by the Ferguson-Oman Company and prior to the Wolf Creek Ordnance Plant contract had had no dealings with these people whatsoever. The Memphis Stone & Gravel Company did pay for the services of an inspector at the gravel plant at the same time that the Cartwright Construction Company had an inspector at it's gravel plant, but the arrangement proved unsatisfactory and was discontinued.

Capt. Kibler, in his testimony, stated that he was informed that we would furnish the identical material under our bid of \$1.75 per yard for material to meet specifications as we would furnish under our bid for \$1.55 per yard for pit run material. Under our set-up at our plant at Camden, Tennessee, we mine the material with a power shovel and load it on to dump cars pulled by dinkey locomotives over narrow gauge tracks laid by ourselves and on to tracks when the railroad facilities cannot keep up with the demand. These dump cars and trucks transport the pit run material across a causeway, which is floored for truck transportation and upon which the narrow gauge rail is laid, to the tipple where the material is dumped into a series of hoppers that feed the various sized screens which culminate, for the purpose of the Milan Projects, in a two inch screen which grades the material from two inches down to fine. The material which does not pass through the two inch mesh goes through a hammer mill crusher and then by a belt conveyor is passed back through the two inch screen and then uniformly mixed with the material theretofore passing through the screen. This is then loaded on to the trucks which convey it to it's destination. The pit run material is simply dug out of the bank in it's original condition, loaded on trucks and hauled to it's destination. The cost of processing this material varies with the length of the haul from the point where it is dug from the bank to the tipple, but the processed material is, of course, considerably more expensive to produce and is, naturally, of a very different character from the pit run material. Our reason for submitting a bid on pit run material was that we were instructed to submit bids on alternate materials and while we had no idea that the pit run bid would be accepted, nevertheless we felt that the purchasers had a right to know on what terms that type material could be acquired.

Capt. Kibler in his testimony also insinuated that the Memphis Stone & Gravel Company had paid a "kick back" to a person or persons unknown to him. The Memphis Stone & Gravel Company has at no time paid any person any amount of money out of the proceeds of sales to the Wolf Creek Ordnance Plant or to the Milan Ordnance Depot other than it's legitimate expenses.

Our net profit on material sold to the Ferguson-Oman Company for the Wolf Creek Ordnance Plant and the Milan Ordnance Depot averages less than our

net profit on similar material sold to the State of Tennessee and counties in the territory which we supply and which are near the Milan Projects and to other defense projects which we are now supplying.

J. S. COOPER.

Sworn to and subscribed before me this the 25th day of November 1941.

[SEAL]

J. C. PARKER, *Notary Public*.

My Commission Expires January 11, 1944

AGREEMENT

THIS AGREEMENT made and entered into by and between the Memphis Stone & Gravel Company, a Tennessee Corporation, hereinafter referred to as the Company, and ----- an independent contractor, hereinafter referred to as the Contractor,

WITNESSETH: That

WHEREAS, the Company is the owner of certain sand and gravel plants located in the states of Tennessee and Mississippi, and of certain movable plant equipment capable of being set up and operated at points where the presence of sufficient quantities of sand and gravel make such operation profitable, and

WHEREAS, the Company is desirous of obtaining facilities for the transportation of such sand and gravel mined and produced by it at its several plants, from such plants where mined and produced to the point of delivery of such sand and gravel to its various customers, and

WHEREAS, the Contractor is the owner of ----- trucks,

NOW, THEREFORE, the Contractor agrees to load, transport, deliver by truck and unload such quantities of sand and/or gravel as the Contractor, in the exercise of his reasonable discretion, is able to handle from such of the Company's plants as may, from time to time, be hereafter designated by the Company to such of the Company's customers as may hereafter designated by the Company, the said Contractor to take into consideration the length of the haul and the number of units of transportation over which he exercises ownership and control in determining the amount of sand and/or gravel which he shall haul.

IT IS FURTHER UNDERSTOOD AND AGREED that the handling of the sand and/or gravel shall be done at such time as the Company shall have customers making such sand and/or gravel delivery necessary.

In consideration of the handling of the said sand and/or gravel as hereinabove set out, the Company agrees to pay to the Contractor the sum per yard/ton for each and every quantity of sand and/or gravel delivered as hereinabove set out, which said sum shall be agreed upon by and between the parties at the time such delivery to the Company's customers shall become necessary, and in fixing said sum, the length of the haul and the condition of the route over which such sand and/or gravel is to be transported shall be taken into consideration. The payment for such deliveries is to be made on the Saturday following the 1st and 15th day of each and every month, the payments, however, to be based upon the signed receipt, or receipts, of an authorized representative of the Company's customer to whom delivery shall have been made and for which payment is claimed.

It is understood and agreed by and between the parties hereto that the Contractor shall furnish such trucking equipment as in his judgment may be necessary, proper or efficient for the accomplishment of the objects of this contract, together with such driver or drivers for his equipment as the Contractor may deem necessary and proper. The Company shall have no control over the mode, method or handling of the said trucks when being loaded or unloaded or in transit, or of the necessary equipment thereof, or of the drivers thereof, or of the qualifications or payment for the services of the said drivers, or of their retention in the employment of the Contractor, or of their discharge, such matters to be entirely within the control and discretion of the Contractor. All taxes and license fees levied on the equipment used by the said Contractor, and all taxes or contributions for Old Age Retirement Plans, Unemployment Insurance, Workmens' Compensation Insurance, or Social Security levied or required by the United States Government, or by the States of Tennessee, or Mississippi, by reason of the employment by the Contractor of any person or persons in the fulfillment of this contract, are hereby expressly assumed by the Contractor.

IT IS FURTHER UNDERSTOOD AND AGREED by and between the parties hereto that this contract is not subject to termination by either party during the time a hauling operation to a customer of the Company is in progress, except that, however, in the event the Contractor shall fail to perform the acts required of him under the terms of this agreement in a prompt, efficient and workmanlike manner, then and in that event the Company shall have the right to terminate this contract.

IT IS FURTHER UNDERSTOOD AND AGREED by and between the parties hereto that the relationship of Contractee, on the part of the Company, and independent Contractor on the part of the Contractor, is contemplated by this instrument and that no other relation is intended to be created hereby. The intention to create the relationship of Master and Servant or the relationship of Principal and Agent is expressly repudiated by the parties hereto.

IN WITNESS WHEREOF the parties hereto have hereunto set their hands and affixed their seals on this the _____ day of _____, 1940.

MEMPHIS STONE & GRAVEL COMPANY.

By _____

MEMORANDUM No. 25-A

The foregoing affidavit of J. S. Cooper sets forth the following statements:

"For this reason a regular independent truckers' contract was used which was executed by all persons holding gravel for the Memphis Stone and Gravel Company on the Milan Project."

"Under the terms of this contract the Memphis Stone and Gravel Company had no right to direct, control or interfere with the operations of the truck owners in carrying out the terms of their respective contracts."

"The Memphis Stone and Gravel Company or its representatives have at no time interfered with, tampered with, coerced or attempted to coerce the drivers of trucks employed by or engaged in hauling the shert of the Cartwright Construction Company. I am not familiar with any arrangement or condition of any contract which Mr. Marshall Priest may have had with persons who purchased trucks from him."

"I further state that Mr. Priest does not now have, nor has he ever had, any interest in the Memphis Stone and Gravel Company either as a stockholder or in any other manner. The Memphis Stone and Gravel Company has at no time paid any person any amount of money out of the proceeds of sales to the Wolf Creek Ordnance Plant or to the Milan Ordnance Depot other than his legitimate expenses."

The foregoing direct quotations should be evaluated in the light of the information contained in the letter addressed to the Committee by Mr. W. L. Smith, President of the Memphis Stone and Gravel Company, which letter was previously set out.

AFFIDAVIT No. 26

[In connection with this affidavit see the following exhibits attached to Affidavit No. 9-B: Exhibit 2, p. 3408, Exhibit 4, p. 3408, Exhibit 7, p. 3410, Exhibit 9, p. 3411, Exhibit 11, p. 3411, Exhibit 12, p. 3412, and Exhibit 13, p. 3412.]

MILAN, TENNESSEE, November 24, 1941.

STATE OF TENNESSEE,

County of Carroll:

Personally appeared before me, the undersigned authority, R. W. Kirby, who being duly sworn, deposes as follows:

I am employed by the Ferguson-Oman Company as Superintendent of Road Division, of the Wolf Creek Ordnance Plant and the Milan Ordnance Depot. Sometime during the summer of 1941, I was asked to attend a meeting by my Superior, Mr. W. H. Faulk. Present at this meeting were the following: Mrs. Cartwright, who was manager of the Cartwright Construction Company, which was delivering chert to the Wolf Creek Ordnance Plant and Milan Ordnance

Depot, Captain Kibler, Mr. W. H. Faulk, Lt. Bruce, and several others. At this meeting I was accused either directly or inferentially by Mrs. Cartwright (who had in her possession several affidavits, the contents of which were not known to me with the exception of one which I read,) of interfering with the drivers of her trucks delivering chert to the above named projects. The interference complained of was my use of abusive language to truck drivers of the Cartwright Construction Company, and my insistence upon them hauling for Memphis Stone and Gravel Company.

I never at any time interfered with the drivers of the trucks of the Cartwright Construction Company delivering chert to the Wolf Creek Ordnance Plant and the Milan Ordnance Depot. I did not abuse them nor did I suggest to these drivers to haul for any other concern. I can truthfully say that I never as much as engaged in any conversation with either the truck drivers of the Cartwright Construction Company or the Memphis Stone & Gravel Company. I was not acquainted with any of them, and had no cause or reason to engage in a conversation with them.

R. W. KIRBY.

Sworn to and subscribed before me this 24 day of November, 1941.

[SEAL]

WINFRED H. LANCASTER,
Notary Public.

Registered as a Notary Public in Henderson, Carroll, and Gibson Counties, Tenn., as provided by Chap. 193, Public Acts of Tennessee 1935.

My Commission Expires July 10th, 1945.

AFFIDAVITS No. 27

[In connection with these affidavits see Affidavit No. 6-A, p. 3376; Affidavit No. 9-A, p. 3406; Affidavit No. 9-B, p. 3406; Memorandum No. 9-C, p. 3413; Memorandum No. 24-A, p. 3422 and Affidavit No. 24-B, p. 3429.]

MILAN, TENNESSEE, *November 21, 1941.*

STATE OF TENNESSEE,
County of Gibson:

Personally appeared before me the undersigned authority, Marvin Gibson, who being duly sworn deposes as follows:

My name is Marvin Gibson, and I live at DeSoto, Illinois. I was employed by the Mississippi Testing Laboratory of Jackson, Mississippi, from the early part of January, 1941, until November 16, 1941. On the 27th day of February of this year until November 16th, I was assigned to the Wolf Creek Ordnance Plant located near Milan, Tennessee, by my employer. I am no longer connected with the Mississippi Testing Laboratory.

During the time that I was assigned to the Wolf Creek Ordnance Plant, the greatest portion of my duties were connected with the inspection of chert, a road building material that was being used at said project.

There has been a lot of chert delivered to the Wolf Creek Ordnance Plant that has been rejected because it did not meet the specifications of the architect engineers. There was a sample taken from every load of rejected chert by me or some other employee of the Mississippi Testing Laboratory, and a laboratory test was made of every sample, and none of this rejected material met specifications under a laboratory test.

There were two companies that have delivered chert to the Wolf Creek Ordnance Plant. The names of the two companies are Memphis Stone and Gravel Company and the Cartwright Construction Company, and so far as I have been able to observe, no partiality has been shown by any of the inspectors to either of said concerns, and I know my only purpose has been to give every one a fair deal.

During the first three weeks in August, I was assigned to the chert pit of the Cartwright Construction Company, and during my stay there, it was my duty to inspect the material before it left the grounds of the Cartwright Construction Company, and it was necessary for me to reject or advise the Cartwright Construction Company that a lot of its material would be rejected on its delivery to the project. During this time the material was rejected at the premises adjoining the chert pit rather than at the gate of the Wolf Creek Ordnance Plant.

For a laboratory test of chert to be anyways accurate, it is quite necessary that one obtain a representative sample of the chert material. For this reason it is the practice of the Mississippi Testing Laboratory and all others engaged in such type work to obtain their own samples, and when any other procedure is followed, the result has no official standing to people engaged in my line of work.

I have given the above affidavit free and voluntarily, and I have no interest in either the Cartwright Construction Company or the Memphis Stone & Gravel Company.

MARVIN GIBSON.

Sworn to and subscribed before me this 21st day of November, 1941.

[SEAL]

WINFRED H. LANCASTER,
Notary Public.

Registered as a Notary Public in Henderson and Gibson Counties, Tenn., as provided by Chap. 193, Public Acts of Tennessee 1935.

My Commission Expires July 10th, 1945.

MILAN, TENNESSEE, November 20, 1941.

STATE OF TENNESSEE,

County of Gibson:

Personally appeared before me, Winfred H. Lancaster, Notary Public, for said State and County, the undersigned, C. E. Sills, who after being duly sworn; deposed as follows:

That he is employed as testing engineer for the Mississippi Testing Laboratory of Jackson, Mississippi. The Mississippi Testing Laboratory have made laboratory tests in accordance with the method adopted by the A. A. S. H. O., which is according to the specifications of the Architect-Engineers at the Wolf Creek Ordnance Plant on all chert material that has been rejected at said project.

He was assigned by his employer, The Mississippi Testing Laboratory, to the Wolf Creek Ordnance Plant on about May 1, 1941, and has been located at said project since that time. His duties place him in complete charge of all tests made on chert, concrete, asphalt, and other building materials that are delivered to said project. In inspecting the chert material particularly it is the practise to make laboratory test on all material that is suspected of not meeting specifications. He states for a fact that no chert material has been rejected at the Wolf Creek Ordnance Plant except that material that did not meet specifications.

The testing of all materials made by his employer at the Wolf Creek Ordnance Plant has been conducted on a fair basis and that all of it has been under his personal supervision. That he has had only one interest in mind all along and that is to see that everyone received a fair deal.

C. E. SILLS.

Sworn to and subscribed before me, this 20th day of November, 1941.

[SEAL]

WINFRED H. LANCASTER,
Notary Public.

Registered as a Notary Public in Henderson and Gibson Counties, Tenn., as provided by Chap. 193, Public Acts of Tennessee 1935.

My Commission Expires July 10th, 1945.

AFFIDAVITS No. 28

[In connection with these affidavits see Affidavit No. 6-A, p. 3376; Affidavit No. 9-A, p. 3406; Affidavit No. 9-B, p. 3406; Memorandum No. 9-C, p. 3413; Memorandum No. 24-A, p. 3422; and Affidavit No. 24-B, p. 3429]

MILAN, TENNESSEE, November 22, 1941.

STATE OF TENNESSEE,

County of Carroll:

Personally appeared before me the undersigned authority, James I. Bush, who being duly sworn deposes as follows:

My name is James I. Bush, and I live at Milan, Tennessee. During the latter part of July, I was employed by The H. K. Ferguson Company, who are the architect engineers at the Wolf Creek Ordnance Plant located near Milan, Tennessee, as an inspector, and I continued that employment until September 15th of this year. During my employ with The H. K. Ferguson Company, I was classified as an inspector, and it was among my duties to inspect chert, which was a road building

material that was being delivered to the Wolf Creek Ordnance Plant by the Memphis Stone and Gravel Company and the Cartwright Construction Company.

During my employ with The H. K. Ferguson Company, I was assigned for a period of about three weeks to the chert pit of the Cartwright Construction Company located near Camden, Tennessee, to inspect the material as it was loaded, and to advise the Cartwright Construction Company in respect to that material that would be accepted and that material that would be rejected. Also I made an effort during this stay at the pit to advise the Cartwright people of the places in the pit where material should be dug that would be acceptable and meet specifications, but the employees of the Cartwright Construction Company did not always accept my advice in this matter.

During part of the time I was employed with The H. K. Ferguson Company, I was assigned to the duty of inspecting chert as it was delivered at the gate of the Wolf Creek Ordnance Plant, and it would be my duty to accept or reject chert according to specifications, and every truck-load of chert that I or any other inspector with The H. K. Ferguson Company rejected was rejected because it did not meet the specifications as previously set up by the Architect Engineers. The Mississippi Testing Laboratory Company took a sample from every load of rejected chert and made a laboratory test of it, and I can truthfully say that no load of rejected material met the specifications under that laboratory test.

I am now employed by the Ferguson-Oman Company, the contractors at the Wolf Creek Ordnance Plant. When I was inspecting chert for The H. K. Ferguson Company, I had no interest other than to give every one a fair deal, and I was in no way interested financially or otherwise in either Cartwright Construction Company or the Memphis Stone & Gravel Company, who were the two companies that delivered chert to the Wolf Creek project.

JAMES I. BUSH.

Sworn to and subscribed before me this 22nd day of November, 1941.

[SEAL]

WINFRED H. LANCASTER,
Notary Public.

Registered as a Notary Public in Henderson, Carroll and Gibson Counties, Tenn., as provided by Chap. 193, Public Acts of Tennessee 1935.

My Commission Expires July 10th, 1945.

MILAN, TENNESSEE, *November 20, 1941.*

STATE OF TENNESSEE,
County of Gibson:

Personally appeared before me, Winfred H. Lancaster, Notary Public, for said State and County, the undersigned, Hamilton Bush, who after being duly sworn: deposed as follows:

He is employed by the Mississippi Testing Laboratory of Jackson, Mississippi, as an Inspector. That on about the 16th or 17th of May after his employer had been retained by the Cartwright Construction Company, he was sent to Camden, Tennessee to advise the Cartwright Construction Company in respect to chert material that was being sent to the Wolf Creek Ordnance Plant, located near Milan, Tennessee. The Cartwright Construction Company had had trouble because some of the chert material that was being sent to said Project was being rejected by The Architect-Engineers there.

While he was assigned to the duties of advising the Cartwright Construction Company in respect to their chert, his office was located at Camden, Tennessee, which was approximately one-half ($\frac{1}{2}$) mile from the chert pit. During each day he would visit the pit several times and would run several samples to determine the screen analysis. All of the material that he tested at his office in Camden would not come up to specification. He advised Mr. Cartwright of Cartwright Construction Company, of this fact but on at least two occasions Mr. Cartwright, completely ignored his suggestions in that matter. He also completely ignored his advice in respect to material that contained pipe clay and Cartwright Construction Company continued to ship the material that he had advised them would be rejected until the Cartwright Construction Company was completely cut off from delivery to the Wolf Creek Ordnance Plant on about June 6, 1934. While located at Camden, Tennessee, near the chert pit of the Cartwright Construction Company, he or no one else employed by Mississippi Testing Laboratory attempted or made an effort to examine each truck load of material that left the pit to be delivered to the Wolf Creek Ordnance Plant.

In testing road material it is quite necessary that one obtain a representative sample in order for a laboratory test to indicate the true content of the chert

material. For this reason it is the practice of his employer and all others engaged in such type of work to obtain their own samples.

After the Cartwright Construction Company was cut off from delivery of chert material to the Wolf Creek Ordnance Plant, he left Camden, Tennessee and stayed for awhile at the pit of the Memphis Stone and Gravel Company. Then on about August 1, 1941 he was assigned by his employer, who had been retained by The H. K. Ferguson Company, Architect-Engineers, at the Wolf Creek Ordnance Plant to inspect chert, concrete, asphalt and other building materials that was being delivered to this Plant. It was the practice of the Architect-Engineers to visually inspect each load of chert delivered to the Project, and any load that they had doubts about with reference to coming up to specifications, to call The Mississippi Testing Laboratory. One of their Inspectors would obtain a representative sample from said load for purpose of making laboratory test. Then after making such a test would report the result to the Architect-Engineer, and his action would be determined as the result of our test.

Since August 21, 1941, his employer, The Mississippi Testing Laboratory, has been in complete charge of the inspection of all chert material delivered to the Wolf Creek Ordnance Plant. It has been their duty since that time to accept or reject material according to specifications.

His employer, The Mississippi Testing Laboratory, have made all tests on material that have been rejected. The same has been conducted on a fair basis and no chert material delivered by the Cartwright Construction Company or anyone else has been rejected except that material that failed to meet the specifications as set up by the Architect-Engineers of the Wolf Creek Ordnance Plant.

HAMILTON BUSH.

Sworn to and subscribed before me, this 20th day of November 1941.

[SEAL]

WINFRED H. LANCASTER,
Notary Public.

Registered as a Notary Public in Henderson and Gibson Counties, Tenn., as provided by Chap. 193, Public Avts of Tennessee 1935.

My commission expires July 10th, 1945.

AFFIDAVITS No. 29.

[In connection with this affidavit see Affidavit No. 6-A, p. 3376; Affidavit No. 9-A, p. 3406; Affidavit No. 9-B, p. 3406; Memorandum No. 9-C, p. 3413; Memorandum No. 24-A, p. 3422; and Affidavit No. 21-B, p. 3429]

STATE OF TENNESSEE,

County of Carroll:

Personally appeared before me, the undersigned, V. D. Skipper, who being duly sworn, deposes as follows:

My name is V. D. Skipper and I live at Jackson, Mississippi. I am the Assistant Manager of the Mississippi Testing Laboratory of Jackson, Mississippi. This concern has had a contract with the H. K. Ferguson Company, the Architect Engineers of the Wolf Creek Ordnance Plant and the Milan Ordnance Depot, which was approved by the Constructing Quartermaster of the War Department, and which included the testing and inspecting of chert, a road-building material that has been used at these two projects.

Prior to August 21, 1941, it was not the duty of the Mississippi Testing Laboratory to accept or reject any chert delivered at the Wolf Creek Ordnance Plant and the Milan Ordnance Depot, but their only duty in respect to chert was to make tests of chert material delivered to the projects as directed by the Architect Engineers, and make reports to them of the results of such tests. Since August 21 of this year it has been the duty of the Mississippi Testing Laboratory to make visual inspection of each truck-load of chert on its arrival at the projects and accept or reject the material on the basis of this visual inspection for compliance with specifications for sieve analysis. For a full explanation of the duties of the Mississippi Testing Laboratory in respect to chert arriving at the projects, reference is here made to a copy of a letter dated September 22, 1941, addressed to the H. K. Ferguson Company, a copy of which is made Exhibit A to this affidavit.

The Cartwright Construction Company and the Memphis Stone & Gravel Company are the only two concerns that have delivered chert to the Wolf Creek Ordnance Plant and the Milan Ordnance Depot, and since August 21, 1941, when it became the duty of the Mississippi Testing Laboratory to accept or reject chert on its arrival at the projects, we have kept a record of the amount of that material inspected and the portion of the same accepted as well as the portion of the same

rejected. From our records I have compiled a memorandum that shows the number of cubic yards of chert inspected daily of each company's product on its arrival at the Wolf Creek Ordnance Plant and the Milan Ordnance Depot, and which shows the number of cubic yards of each company's product accepted as well as the number of cubic yards rejected since August 21, 1941, through November 14, 1941. I make this memorandum Exhibit B to this affidavit.

For a laboratory test of chert to speak with any degree of accuracy, it is quite necessary that one obtain a representative sample of the chert material. For this reason it is the practice of the Mississippi Testing Laboratory and all others engaged in such type of work to obtain their own sample when the laboratory is responsible for issuing a report of the true conditions of the material that the sample is supposed to represent. When the sample is obtained by any one other than one who is qualified and experienced in this line of work, the result of the laboratory test will not necessarily reflect the true condition of the material. My attention has been called to the fact that it has been testified to before the Senate Committee investigating the National Defense Program that a Captain Kibler took samples from chert that had been rejected at the project by inspectors working under the direction of the H. K. Ferguson Company, and carried the same to Nashville for a laboratory test. I have particular knowledge of one instance when Captain Kibler did take some samples from chert rejected at the project by inspectors working under the direction of the H. K. Ferguson Company where the samples were not taken in a manner which we consider necessary to secure representative samples, and I feel no fair comparison of test results could be made in this instance where the correct method of taking samples was not used.

My attention has been called to certain testimony that has been introduced before the Senate Committee investigating the National Defense Program in reference to the two projects at Milan, and I have prepared a letter addressed to the H. K. Ferguson Company, the architect engineers, dated November 21, 1941, which I wish to make Exhibit C to this affidavit and incorporate the same therein as a part of this affidavit which I think will clarify some of the testimony introduced in reference to chert material.

V. D. SKIPPER.

Sworn to and subscribed before me this 22 day of November 1941.

WINFRED H. LANCASTER,
Notary Public.

Registered as a Notary Public in Henderson, Carroll, and Gibson Counties, Tenn., as provided by Chap. 193, Public Acts of Tennessee 1935.

My Commission Expires July 10th, 1945.

MISSISSIPPI TESTING LABORATORIES,
Jackson, Miss., September 22, 1941.

Re Milan Ordnance Depot, Milan, Tennessee.

THE H. K. FERGUSON COMPANY,
Milan Ordnance Depot, Milan, Tennessee.

DEAR SIRs: We wish to submit quotation for chert inspection on the above project. Estimated yardage, 80,000 Cu. Yds. at \$.015 per cu. yd. or approximately \$1200.00.

We will make visual inspections of each truck load of chert with binder as it arrives on the project, accepting or rejecting the material on the basis of visual inspection for compliance with sieve analysis requirements. Each rejected load will be sampled, and tests made on the sample for sieve analysis. Samples of accepted material will also be taken at intervals and tests made on these samples will be the same as for tests made on rejected material. Our inspectors will keep a record, and will make a daily report of, number of cubic yards inspected, amount accepted, amount rejected with reasons for such rejections, name of supplier, time deliveries started and stopped each day and other information necessary for complete report of this operation. Our inspection will be impartial as to source of supply.

We will submit reports to your Mr. H. T. Baker, Chief Engineer.

Yours very truly,

MISSISSIPPI TESTING LABORATORIES,
E. E. ELMER, *Manager.*

[Written in ink:] Exhibit "A" Identified. V. D. Skipper.

[Written in ink:] Exhibit "B" Identified. V. D. Skipper.

Memphis Stone Co., Cartwright Const. Co.—Chert inspection, by M. T. L., at Milan

Date	Report No.	Cartwright Const. Co.—Number of cubic yards chert			Memphis Stone Co.—Number of cubic yards chert		
		Inspected	Accepted	Rejected	Inspected	Accepted	Rejected
Aug. 21	1	770.74	764.74	6.00	2,553.98	2,535.86	18.12
22	2	900.33	822.01	78.32	2,755.26	2,748.94	6.32
23	3	136.42	136.42		214.37	214.37	
25	4	318.29	263.80	54.49	1,773.73	1,773.73	
26	5	1,112.57	1,026.81	85.76	2,829.84	2,801.49	28.35
27	6	845.23	804.90	40.33	2,129.51	2,129.51	
28	7	1,286.58	1,191.95	94.63	2,087.10	2,075.11	11.99
29	8	1,290.23	1,365.09	25.14	2,722.59	2,701.79	20.80
30	9	1,337.97	1,262.48	75.49	2,005.73	2,005.73	
Sept. 2	10	1,401.10	1,346.07	55.03	2,408.67	2,377.47	31.20
3	11	1,402.22	1,383.64	19.18	2,630.39	2,616.66	13.73
4	12	1,639.12	1,614.92	24.20	2,734.74	2,702.76	31.98
5	13	1,531.33	1,519.53	11.80	2,876.83	2,849.23	27.60
6	14	1,342.16	1,316.10	25.96	2,855.82	2,840.53	15.29
8	15	1,376.37	1,363.04	13.33	2,621.26	2,558.94	62.32
9	16	1,409.26	1,409.26		3,050.72	3,032.53	18.19
10	17	1,523.86	1,497.59	26.27	3,112.03	3,080.75	31.28
11	18	1,297.55	1,240.25	57.30	3,526.77	3,508.01	18.76
12	19	1,140.36	1,123.41	16.95	2,546.68	2,539.05	7.63
13	20	595.07	583.29	11.78			
15	21	1,176.29	1,155.46	20.83			
16	22	1,727.92	1,670.75	57.17			
17	23	1,807.25	1,660.27	146.98			
18	24	2,013.66	1,977.55	36.11			
19	25	840.80	809.79	30.71			
20	26	655.71	515.80	109.91			
22	27	1,703.61	1,609.10	94.51	1,747.60	1,677.50	70.10
23	28	1,210.14	1,210.14		2,162.09	2,162.09	
24	29	1,093.51	1,079.79	13.72	1,772.99	1,772.99	
25	30	1,641.61	1,578.92	62.69			
26	31	1,562.90	1,489.01	73.89			
27	32	1,460.45	1,351.19	109.26			
29	33	869.13	829.46	39.67	1,314.29	1,207.93	106.36
30	34	710.88	678.86	32.02	1,368.37	1,308.47	59.90
Oct. 1	35	1,519.03	1,349.12	170.51	1,479.64	1,459.53	20.11
2	36	1,364.65	1,328.03	36.62	1,526.44	1,526.44	
3	37	526.84	507.72	19.12	482.72	482.72	
4	38	1,125.62	1,125.62		1,226.35	1,226.35	
6	39	1,878.18	1,878.18		1,570.34	1,570.34	
7	40	1,643.55	1,624.72	18.83	1,558.77	1,552.67	6.10
8	41	1,383.52	1,364.40	19.12	1,476.43	1,434.49	41.94
8	41A	569.29	569.29				
9	42	1,841.01	1,741.73	99.28	1,287.28	1,287.28	
10	43	498.61	448.16	50.45	1,167.14	1,167.14	
11	44	1,445.82	1,445.82		1,007.64	1,051.49	26.15
15	45	838.54	505.27	333.27	978.77	931.19	47.58
Oct. 13	45A	522.61	522.61				
14	46	1,494.28	1,491.28		1,327.87	1,327.87	
15	47	735.78	735.78				
15	47A	753.46	716.88	36.58	1,849.20	1,836.84	12.36
16	48	1,058.80	1,035.04	23.76	1,793.82	1,793.82	
16	48A	114.30	114.30				
17	49	1,033.90	858.52	175.38	1,830.72	1,830.72	
18	50	161.20	158.94	2.26	211.52	211.52	
20	51	763.24	763.24		2,008.93	2,008.93	
21	52	996.53	989.69	6.84	2,091.08	2,091.08	
22	53	1,177.89	1,177.89		1,944.17	1,944.17	
23	54	1,106.20	1,099.68	6.52	1,682.26	1,637.00	45.26
24	55	910.04	898.30	11.74	2,019.02	1,972.86	46.16
25	56	923.54	896.56	26.98	1,542.86	1,274.24	268.62
28	58	862.98	857.24	5.74	1,089.53	1,057.61	31.92
29	59	291.35	291.35		1,265.96	1,259.87	6.09
29	59A	1,085.62	1,085.62				
30	60	26.94	26.94		1,219.04	1,219.04	
30	60A	1,418.70	1,418.70				
31	61	106.36	106.36				
31	61A				18.25	18.25	
Nov. 4	62	1,393.22	1,387.86	5.36			
4	62A	1,258.36	1,258.36		100.60	100.60	
4	63	647.94	647.94				
4	63A				579.15	579.15	
5	64	34.04	34.04				
6	65	5.00	5.00		1,193.88	1,193.88	

Memphis Stone Co., Cartwright Const. Co.—Chert inspection, by M. T. L., at Milan—Continued

Date	Report No.	Cartwright Const. Co.—Number of cubic yards chert			Memphis Stone Co.—Number of cubic yards chert		
		Inspected	Accepted	Rejected	Inspected	Accepted	Rejected
Nov. 6	65A-----	1,065.58	1,059.82	5.76			
8	66-----	878.00	878.00		1,382.59	1,376.81	5.78
9	67-----	509.94	509.94		1,120.45	1,120.45	
10	68-----	1,171.00	1,165.68	5.32	1,670.52	1,626.79	43.73
11	69-----	1,510.39	1,510.39		375.34	359.88	15.46
12	70-----	1,071.97	1,071.97		1,931.68	1,786.31	145.37
13	71-----	343.65	343.65		1,578.33	1,480.49	97.84
13	71A-----	960.78	960.78				
14	72-----	144.04	144.04		1,791.31	1,598.24	193.07
14	72A-----	1,193.00	1,193.00				
		83,599.61		2,594.87 3.1%	103,239.06		1,561.51 1.5%

[Written in ink:] Exhibit "C" Identified. V. D. Briggs.
MISSISSIPPI TESTING LABORATORIES,
Jackson, Miss., November 21, 1941.

THE H. K. FERGUSON COMPANY,
Engineers, Wolf Creek Ordnance Plant,
Milan, Tennessee.

DEAR SIRs: As the result of our submitting the lowest of the several competitive bids received by you for commercial testing laboratory services on the above project, we were selected by you and approved by the Constructing Quarter, master for performing the above designated work. Although we had never before had any contact with your organization, you considered our laboratory to be a recognized and reputable commercial testing laboratory on the basis of our experience record which included our work for many city, county, state and federal agencies and also in connection with recent work on several Defense Projects including Camp Shelby, Camp Claiborne, Camp Livingston, Camp Polk, Anniston Ordnance Depot, and the Jackson, Mississippi, Air Corps Project.

Certain statements made recently before the Truman Senate Committee in Memphis are, in our opinion, subject to clarification in order to prevent inaccurate conclusions being drawn. We wish to present certain facts which we believe are necessary in order that the record contain a more complete analysis of the situation.

The first statement referred to was made by members of the Cartwright Construction Company, and was, as we were given to understand, that tests made at their plant producing Chert near Camden, Tennessee, showed that the material met specifications, but that when the material was delivered to the Wolf Creek Ordnance Plant at Milan, Tennessee, the tests made on the job from samples taken after material was delivered showed that the material did not meet specifications. The facts are as follows: Of the Cartwright Construction Company samples which we tested on this project from March 31, 1941, to May 16, 1941, 83.3% failed to meet specifications. The results of these tests were reported daily to Mr. J. C. French, your Chief Inspector. When the material did not meet specifications, Mr. French would advise the supplier immediately by telephone or telegraph, or by going to the producers plant or by sending one of his inspectors to the producers plant, that the material was failing to meet specifications, and Mr. French would endeavor to have the supplier correct his operations so as to produce material meeting the specifications. Our records show that after April 9, 1941, no samples of Cartwright Chert were taken until May 9, 1941. During this time we understand they were shut down for repairs. From May 9th, through May 16th, a total of 22 samples of Cartwright Chert were tested by us on the Wolf Creek Ordnance Plant, 100% failed to meet specifications. It was at this time that Cartwright made arrangements with us for an inspector. During the period of May 17, 1941, to July 3, 1941, we furnished the Cartwright Const. Co. the services of an inspector whose duties were to assist this firm to produce material acceptable under the specifications. This inspector would make sieve analysis of the material sampled from the loading chute and advise the producer of the results.

The inspector acted only in an advisory capacity. He had no control over the production of the material. He would go to the pit and take samples of the material from the loading chute, then return to town (Camden, Tenn.) to make tests of the samples. The inspector was handicapped by not having facilities available at the pit for making these tests, although we asked Cartwright several times to furnish the inspector with a place to run his samples at the pit, so that he could keep closer check on the material for the benefit of the producer in turning out material meeting specifications. According to the results of the tests which we continued to make at Milan on samples of material delivered to the job during this period (May 17-July 3) failures of samples tested dropped from 83.3% before the inspector went to Cartwright's pit to 22.5% for the period the inspector was at the pit. During this same period the inspectors tests made on material sampled from the loading chute at the pit showed 8.4% failures. However, many of the tests he made showed the material to be bordering on the upper limits of the specifications. His method of sampling that he had to use at the pit—that is, securing samples from the loading chute—was not as accurate for securing representative samples as the method used by us at Milan where we would secure material from several points of a load after it had been dumped. In this way a much better sample is obtained, because by taking material from several places from the load and then combining them to make a large sample, it is not likely that only the large material or only the small material would be included. Segregation of large pieces from small pieces takes place when this type material (Chert) is moved around, and unless care is exercised in taking samples—that is, unless material is taken from several points and then combined to make a complete range in size of the different sizes—a representative sample is not likely to be obtained. Unless the same material is sampled in the same way, it cannot be expected that the tests would show the same results; and, although our inspector at Cartwright's pit could not get samples as we did in Milan, he was able to advise the producer sufficiently for the failures of the samples tested at Milan to be reduced from 83.3% before he went to the pit to 22.5% for the time he was there. After our inspector was removed by us from the Cartwright pit, and until July 30th, the failures of samples taken on the job at Milan was 50.6%. Since July 30th practically all samples have been taken only from rejected loads, with almost all failing to meet specifications except for a few samples of accepted material taken as check tests. In making the above tests of chert sampled on the project, we did so at the instructions of the Engineers, for the account of the Engineers and the Constructing Quartermaster. We did not have any authority for accepting or rejecting the material, but reported the results of tests to the Engineers and the Constructing Quartermaster for their assistance in determining whether or not the material was suitable. As a general rule, the principal reason for failure of samples to meet specifications was excess quantity of material retained on the No. 40 Sieve. The specifications required from 70 to 90% of the sample be retained on the No. 40 sieve, and the majority of the samples that failed contained more than 90% on the No. 40 sieve.

The second point which we wish to clarify is that part of Captain Kibler's testimony concerning his taking of samples of chert from rejected material and having tests made by another laboratory which reported the samples as meeting specifications. We have particular knowledge of one instance when Captain Kibler took samples from material rejected at the Project gate by inspectors working under the direction of your Chief Inspector, Mr. French. The samples were not taken at this time in a manner which we consider necessary to secure representative samples. We feel, therefore, that no fair comparison of test results could be made in this instance where the correct methods of obtaining samples were not used.

We trust that the above facts will be of use in bringing about a clearer and more correct understanding of the two points in question.

Yours very truly,

MISSISSIPPI TESTING LABORATORIES,
By V. D. SKIPPER, *Ass't. Manager.*

STATE OF TENNESSEE,

County of Carroll:

Personally appeared before me, the undersigned authority, V. D. Skipper, who being duly sworn, deposes as follows:

My name is V. D. Skipper, and I am assistant manager of the Mississippi Testing Laboratory of Jackson, Mississippi.

My employer was engaged by the Cartwright Construction Company to furnish them the services of one of our inspectors at the chert pit located near Camden, Tennessee, and he remained there for approximately six weeks. I made several trips to the office of the Cartwright Construction Company in an effort to collect for this service. The duty of the inspector was to assist the producers in turning out material acceptable under the specifications of the Architect Engineers. The Mississippi Testing Laboratory was paid in piece-meal by various checks of the Cartwright Construction Company, which included a check that was returned unpaid by the bank for the reason of insufficient funds being on deposit. This check was later made good, and the services were eventually paid for in full.

V. D. SKIPPER.

Sworn to and subscribed before me this 22 day of November, 1941.

[SEAL]

WINFRED H. LANCASTER,
Notary Public.

Registered as a Notary Public in Henderson, Carroll, and Gibson Counties, Tenn., as provided by Chap. 193, Public Acts of Tennessee 1935.

My Commission Expires July 10th, 1945.

AFFIDAVITS NO. 30

[In connection with these affidavits see Affidavit No. 30-A on p. 3443.]

MILAN, TENNESSEE, *November 20, 1941.*

STATE OF TENNESSEE,

County of Gibson:

Personally appeared before me, Winfred H. Lancaster, Notary Public, for said State and County, the undersigned, L. L. Dempsey, who after being duly sworn; deposed as follows:

He has been employed by The H. K. Ferguson Company, who are the Architect-Engineers at the Wolf Creek Ordnance Plant, located near Milan, Tennessee, as Engineer Inspector. Among his duties has been to inspect various building materials and road materials including the product known as chert, that was being used in construction of said project. There has been only two concerns that have attempted to furnish chert for the Wolf Creek Ordnance Plant. The concerns are Memphis Stone and Gravel Company and the Cartwright Construction Company. It was one of his duties for six weeks to inspect the chert material as it was delivered to the project to see that it met specifications of the Architect-Engineer. He was forced on many occasions to reject loads of chert because he felt that said load did not meet specifications. He stated that after a load was rejected by him or anyone of the other inspectors of his employer that a sample from said load was obtained by a laboratory inspector of Mississippi Testing Laboratory, and he could truthfully say that no material rejected by him for failure to meet specification showed anything different on the laboratory test.

He states that it is true that he had more trouble with the deliveries of the Cartwright Construction Company's chert meeting the specifications than that of Memphis Stone and Gravel Company. It is his opinion that the chert of the Cartwright Construction Company was being dug from an inferior pit.

He further makes oath that he has or had no interest in either the Memphis Stone and Gravel Company or the Cartwright Construction Company, and that in all his inspections it has been his only purpose to do what was fair and proper.

L. L. DEMPSEY.

Sworn to and subscribed before me this 20th day of November, 1941.

[SEAL]

WINFRED H. LANCASTER,
Notary Public.

Registered as a Notary Public in Henderson and Gibson Counties, Tenn., as provided by Chap 193, Public Acts of Tennessee 1935.

My Commission Expires July 10th, 1945.

MILAN, TENNESSEE, *November 21, 1941.*

STATE OF TENNESSEE,

County of Gibson:

Personally appeared before me the undersigned authority, L. L. Dempsey, who being duly sworn deposes as follows:

While I was employed with the H. K. Ferguson Company, I was assigned to the duty of inspecting chert. During the latter part of July, 1941, I was directed to go to the chert pit of the Cartwright Construction Company and inspect the chert that was being loaded at the pit of the Cartwright Construction Company for delivery to the Wolf Creek Ordnance Plant. While I was there, Mr. Cartwright, the owner of the Cartwright Construction Company, approached me and discussed the inspection of the material, and told me that if I would give him a break and not reject so much of his material, that he had plenty of whiskey and a mighty nice little girl at the hotel at Camden for me.

To this I replied that I had my own social connections and all the whiskey I wanted.

L. L. DEMPSEY.

Sworn to and subscribed before me this 21st day of November, 1941.

[SEAL]

WINFRED H. LANCASTER,
Notary Public.

Registered as a Notary Public in Henderson and Gibson Counties, Tenn., as provided by Chap. 193, Public Acts of Tennessee 1935.

My Commission Expires July 10th, 1945.

AFFIDAVIT No. 30-A

I, J. M. Cartwright, owner of the Cartwright Construction Company, make the following affidavit to H. G. Robinson, knowing him to be an Investigator for the Special Senate Committee Investigating the National Defense Program.

I have read the attempted attack on my personal reputation as contained in an affidavit submitted by L. L. Dempsey and definitely state that the conversation set out by him is a deliberate and malicious untruth.

I was in Hot Springs, Arkansas around the early part of 1940 and was in the hospital from September 1 to October 15 and for the most part I have been unable to leave my house because of an attack of arthritis. For that reason most of the affairs of the Cartwright Construction Company have been handled by Mrs. J. M. Cartwright, my wife.

The only time I recall ever having seen Mr. Dempsey was on an occasion when he drove Mr. French to the Cartwright Construction Company's gravel pit, and can definitely state that I have never talked to him in my life and have definitely never made any of the remarks attributed to me in Mr. Dempsey's affidavit.

(Signed) JAMES M. CARTWRIGHT.

Sworn to and subscribed to before me, at Camden, Tennessee, this January 22rd, 1942.

[SEAL]

CLAUDINE H. BRAY,
Notary Public.

My Com. Exp. May 23, 1943.

AFFIDAVIT No. 31

[In connection with this affidavit see Affidavit No. 31-A on p. 3444]

MILAN, TENNESSEE, *November 21, 1941.*

STATE OF TENNESSEE,

County of Gibson:

Personally appeared before me the undersigned authority, L. L. Dempsey, who being duly sworn deposes as follows:

My name is L. L. Dempsey, and I have been employed by the H. K. Ferguson Company, who are architect engineers at the Wolf Creek Ordnance Plant, located at Milan, Tennessee, as engineer inspector since May 2, 1941.

Among my duties have been to inspect various building material and road material, including the product known as chert, which has been used in the construction of said project. During the early part of August, while I was assigned to the duty of inspecting chert material as it was being delivered to the project, I observed that some of the trucks delivering chert for the Cartwright Construction Company, when their loads were rejected, were returning to the project with another load in too short a time to have gone back to the chert pit of the Cartwright Construction Company. In order to check and to ascertain just what was happening, I followed a truck loaded with rejected chert material and discovered that these trucks loaded with rejected chert were going back up the road approximately three quarters of a mile and turning around and making an effort to get the chert passed on a second examination. I asked one of the drivers of these trucks about this procedure, and he and several other men who had driven up in another automobile told me that the chert material being delivered for Cartwright Construction Company was as good and better than the material being delivered by Memphis Stone & Gravel Company, and that if I rejected another God damn load, that they would divide me. I requested a clarification of this statement, and was told each one of them was going to take a piece of me.

I got back in my automobile and returned to the Ledbetter Gate of the project, and continued to reject chert that did not meet specifications.

L. L. DEMPSEY.

Sworn to and subscribed before me this 21st day of November, 1941.

WINFRED H. LANCASTER,
Notary Public.

Registered as a Notary Public in Henderson and Gibson Counties, Tenn., as provided by Chap. 193, Public Acts of Tennessee 1935.

My commission expires July 10th, 1945.

AFFIDAVIT No. 31-A

I, O. E. Gossert of Camden, Tennessee, employed by the Cartwright Construction Company, as field superintendent, make the following affidavit to Mr. H. G. Robinson knowing him to be an Investigator for the Special Senate Committee Investigating the National Defense Program.

I have operated my own trucks in hauling for the Cartwright Construction Company and have never had any difficulty with this Company in connection with the payment of monies due me.

My trucks were formerly employed on the construction of a project at Tula-homa, Tennessee and upon the completion of the work at that point I contacted Marshall Priest at Huntingdon in an attempt to place my trucks at work hauling gravel to the Milan plant. Priest, with whom I had always been friendly, gave me no satisfaction when I first contacted him. Within a day or so I observed Mr. Priest on the highway near the pit of the Memphis Stone & Gravel Company measuring truck bodies with an engineer from the project in order to determine the various capacities.

At that time he indicated that he had no need for my trucks inasmuch as he had received about 130 trucks and he only had actual requirements for about 100 and accordingly could not use my trucks. I have heard at various times that Marshall Priest had made remarks around Huntingdon that he was either going to make a million dollars on the gravel contract or go broke and I know that most of the trucks that he operated were under contract to him to buy their gas, oil and accessories from him, which contracts have since been cancelled by him and I know of none in existence at the present time.

On or about July 26 I drove Mrs. Cartwright to the Ferguson Oman offices in order that she could file a bid. While she was in the offices of the Ferguson Oman Company I left the car and went to a coco cola stand operated by the Ferguson Oman Company. While there I observed several individuals who did not recognize me, engage in a conversation in regard to chert. I recognized them as: Wallace Faulk, Ralph Kirby, Mr. French of the Mississippi Testing Laboratory, Lt. Wise of the Constructing Quartermaster's office and another official whom I cannot identify.

It was pointed out to Lt. Wise that attempts had been made through the Receiving Department to reject material delivered by Cartwright, whereupon Lt. Wise replied that if the material was not in accordance to the specifications of the contract it could properly be rejected by the inspectors. It was my impression that this discussion was for purposes of working out a system of rejecting materials delivered by the Cartwright Construction Company.

I am familiar with the affidavit submitted by the various truck drivers and can verify all details with respect to Mr. Kirby's high-handed manner of treating the drivers of the Cartwright Construction Company. I recall another instance which indicates some of the tactics employed by the Ferguson Oman Company wherein a large quantity of chert had been rejected and rather than haul the rejected chert all the way back to the pit I had about 20 trucks follow me near Milan in order that we could locate a vacant lot on which to start a stock pile of the rejected material.

Mr. L. L. Dempsey, who I understand has submitted an affidavit in this proceeding, "tailed" the trucks and when they stopped for coffee in Milan some of the truck drivers were so incensed at Dempsey's attempt to make a case against them for returning or attempting to return rejected loads, that they wanted to take personal action against him, which I prevented.

(Signed) O. E. Gossert.

Sworn to and subscribed to before me, at Camden, Tennessee, this January 22, 1942.

[SEAL]

CLAUDINE H. BRAY, *Notary Public*.

My Com. Exp. May 23, 1943.

The following affidavits are included in the record in connection with the testimony of Lt. C. H. Bruce, supra pp. 2931-2938, 2986-2998.

AFFIDAVIT No. 32

[In connection with this affidavit see Memorandum No. 32-A on p. 3449.]

STATE OF TENNESSEE,
County of Carroll:

Personally appeared before me, the undersigned Notary Public for said State and County, John G. Lord, who being duly sworn deposes as follows:

My name is John G. Lord. I am thirty-one years old and I live at Huntingdon, Tennessee. I am employed by the Ferguson-Oman Company on the Milan projects as Purchasing Agent, and have been so employed since February 5, 1941.

My attention has been called to the fact that at the Senate Hearing in Memphis on November 17, 1941, Lt. Bruce of the QMC testified in regard to the paper cups used on the projects. I understand that Mr. Fulton asked Lt. Bruce about our having bought twenty-six million (26,000,000) paper cups for the projects, and then proceeded to examine Lt. Bruce on the basis of our having bought twenty-six million (26,000,000) paper cups, and to quote Mr. Fulton: "And will you tell us about this situation. Why did they need twenty-six million (26,000,000) paper cups?"

I had charge of ordering all paper cups, subject to the Quartermaster's approval, used on the projects. As a matter of fact, the total number of paper cups ordered for the projects through the present date Nov. 25 is twenty million four hundred ninety thousand (20,490,000), of which, as of November 17, 1941, we have one million seven hundred fifty thousand (1,750,000) on hand, making a total consumed, as of November 17, 1941, of eighteen million seven hundred forty thousand (18,740,000).

The first order for paper cups was placed on February 17, 1941, and from February 17 to November 17, 1941, covers a period of two hundred fifty-seven (257) days, which means that the use was eighteen million seven hundred forty thousand (18,740,000) paper cups for two hundred fifty-seven (257) days, making an average daily consumption of seventy-two thousand nine hundred eighteen (72,918). The average number of men employed by the projects who were using these cups during this period was ten thousand (10,000) per day, and this would mean that an average of 7.29 paper cups were consumed per person per day on the entire job. The testimony given by Lt. Bruce on November 17, in which he stated that we were using eight to ten cups, was, as I understand it, merely an estimate by him, as he did not have the figures with him, but the actual consumption per person at work on the plant, taking the average of ten thousand (10,000) persons per day as employed, is actually 7.29, and, taking into consideration that we did have a long, dry, and extremely hot summer, this is a very low average.

We were instructed by the Tennessee State Health Department to use individual paper drinking cups on this job. The Tennessee State Health Department has advised us that these projects have had the lowest venereal disease record of any of the Government projects in the state, and attributed this partially to the use of the individual paper cups.

All orders for paper cups were made on competitive bids. The first order was placed with I. L. Meyer Paper Company, of Memphis, for twenty thousand (20,000) cups at a total of forty-six dollars and fifty cents (\$46.50) for the lot, or about two dollars and thirty-two (\$2.32) per thousand. These were eight-ounce cups. This was the low bid.

We continued, on several occasions, to purchase drinking cups in small quantities on competitive bids approved by the Quartermaster's Department, but after talking to the various salesmen, I had every reason to believe that if we contracted for paper drinking cups for the duration of the job, we would be able to obtain a much better price.

We sent out formal invitations for bids and received quotations from ten different paper concerns on both four-ounce and eight-ounce paper cups with quotations varying from two dollars and two cents (\$2.02) per thousand, which was the low bid, up to two dollars and fifty-five cents (\$2.55) per thousand on eight-ounce cups, and quotations varying from ninety-three cents (93¢) per thousand to one dollar fifty-four cents (\$1.54) per thousand on four-ounce cups. The contract on eight-ounce cups was awarded to Tayloe Paper Company, of Memphis, Tennessee, who was low bidder at two dollars and two cents (\$2.02) per thousand on eight-ounce cups, and another contract was awarded to Carroll Paper Company of Jackson, Tennessee, at ninety-three cents (93¢) per thousand on four-ounce cups. Before letting any of these contracts, I submitted an analysis of our competitive bids on both the four-ounce and eight-ounce paper cups to Mr. A. L. Foltz, Head Purchasing Agent of the Ferguson-Oman Company, and Lt. C. H. Bruce, of the QMC, for approval, and I am attaching hereto as Exhibit #1 to this, my affidavit, a photostatic copy of the tabulation of bids showing thereon the approval of Mr. Foltz and Lt. Bruce.

Tayloe Paper Company of Memphis, Tennessee, advised me along in August of 1941, that we would probably have trouble in getting our necessary requirements for paper cups, as the factories were finding it difficult to obtain paper to make the cups for shipment to the Government projects. We therefore again advertised for bids and awarded a "demand-as-needed" contract to the Wurzburg Brothers Company of Memphis, Tennessee, at \$2.10 per thousand on eight-ounce cups, which was the low bid. I am attaching hereto as Exhibit #2 to this, my affidavit, tabulation of bids taken after being advised by the Tayloe Paper Company that it might be difficult for them to supply all of our requirements. This Exhibit shows that the "demand-as-needed" purchase order from Wurzburg Brothers Company of Memphis, Tennessee, was approved by Mr. A. L. Foltz and First Lt. C. H. Bruce.

Even after getting this "demand-as-needed" contract with Wurzburg Brothers Company of Memphis, Tennessee, we continued to buy from Tayloe Paper Company of Memphis, Tennessee, all of the cups which they were able to supply, as their bid on eight-ounce cups was eight cents (.08¢) a thousand less than the "demand-as-needed" purchase order with the Wurzburg Brothers Company of Memphis, Tennessee. We have only purchased one million paper cups under the Wurzburg Brothers Company of Memphis's contract, whereas we have purchased sixteen million four hundred and seven thousand (16,407,000) eight-ounce cups from Tayloe Paper Company of Memphis.

Mr. Fulton inquired of Lt. Bruce at the hearing on November 17, 1941, in Memphis, relative to Invoices #1364 and #5839 for paper cups, amounting to \$1,212.00, and we have never had any invoices of these numbers on the purchase of paper cups from anybody. We do have two invoices, Nos. 13,563 dated August 8, for \$1,212 covering 600,000 paper cups at \$2.02 per thousand, bought from Tayloe Paper Company on shipment made on August 8, 1941, and invoice #15839 for \$1,212.00 covering the purchase of 600,000 eight-ounce paper cups at \$2.02 per thousand from Tayloe Paper Company of Memphis, Tennessee, dated September 3, and shipped on that date.

I am advised by Lt. Bruce that Mr. Robinson, the Senate Committee Investigator, promised him at the hearing in Memphis, with the information that he had on which Mr. Fulton's questions relative to Invoices 1364 and 5839 to Lt. Bruce were predicated. I am advised by Lt. Bruce that this information has not been furnished to him.

I am attaching hereto as Exhibit #3 to this, my affidavit, copy of a signed letter dated November 22, 1941, from Mr. E. H. Eakle, Supervising Auditor of Materials' Department for the Quartermaster, addressed to Lt. C. H. Bruce, relative to approval of invoices for paper cups purchased by us from Tayloe Paper Company of Memphis, Tennessee, showing that invoices #13,563 for 600,000 paper cups and invoice #15,839 for 600,000 paper cups, dated respectively August 8 and September 3, 1941, covering the purchase of eight-ounce paper cups from Tayloe Paper Company of Memphis, Tennessee, were not a duplication. I know, of my own knowledge, that we have never paid any invoice on paper cups purchased from anyone, twice, and all we have done was

to order the necessary requirement of paper cups for the projects on low bids approved by the Construction Quartermaster, and there has been no duplication of payment of any of these invoices.

JOHN G. LORD.

Sworn to and subscribed before me this 25th day of November 1941.

[SEAL]

WINFRED H. LANCASTER,
Notary Public.

Registered as a Notary Public in Henderson, Carroll, and Gibson Counties, Tenn., as provided by Chap. 193, Public Avts of Tennessee 1935.
My Commission Expires July 10th, 1945.

[Exhibit 2 attached to Affidavit No. 32]

FERGUSON-OMAN COMPANY

TABULATION OF BIDS

Date: August 14, 1941

Contract: W-7011-QM-2

Requisition No. OM 1071

Items	Tayloe Paper Co. Memphis	Graham Paper Co. Memphis	J. L. Meyers Memphis	Memphis Paper Co. Memphis	Paper Products Memphis	Wursburg Bros. Memphis
4 oz. drinking cups..	175 M, 1.55..	-----	100 M, 1.50..	No quote..	80 M, 1.25..	500 M.
6 oz. drinking cups..	200 M, 2.15..	-----	50 M, 2.50..		-----	1000 M, 2.10
8 oz. drinking cups..	Phone 7/22/41	1000 M, 2.50 2%, 10 days.	Will have in 200 M Wednes- day. Phone 7/22/41		Phone 7/22/41	Terms: 2%, 10 days. Phone 7/22/41

¹ Figures encircled.

We recommend the purchase of this material from Wursburg Bros of Memphis, Tenn, because of low bid.

A. L. FOLTZ.

C. H. BRUCE,
*1st. Lt. QMC,
Spec. Asst. CQM.*

[Exhibit 3 attached to Affidavit No. 32]

NOVEMBER 22, 1941.

Subject: Approval of invoices, Tayloe Paper Co., Memphis, Tenn.

To: Lt. C. H. Bruce, Purchasing Officer.

1. A verification of the invoices of the Tayloe Paper Co., which have been approved by the Materials Department for payment, reveals that no duplication of approvals has been made.

2. In regard to invoice number 13563, dated August 8, for \$1,212, covering 600,000 paper cups at \$2.02 per thousand, it is properly supported by shipment made on August 8. Invoice number 15839, dated September 3, for \$12,222, covering an identical quantity, is properly supported by shipment made on September 3.

E. H. EAKLE,
Supervising Auditor of Materials Department.

[Exhibit I attached to Affidavit No. 32]

Date: April 17, 1941
 Contract: W-7011-QM-2

FERGUSON-OMAN COMPANY

TABULATION OF BIDS

Project No.: Wolf Creek Ordnance Plant
 Requisition No. OM 728. April 15, 1941.

Items	Quantity	Clements Paper Co. Nashville, Tenn.	Wurzberg Bros. Memphis, Tenn.	Taylor Paper Co. Memphis, Tenn.	Carroll Paper Co. Jackson, Tenn.	Cincinnati Cordage & Paper Co., Cincinnati, Ohio
4 oz. drinking cups.....	1,000,000	1.45 M.....	1.25 M ¹	1.21 M.....	.93 M ²	1.25 M.
6 oz. drinking cups.....	1,000,000	.....	.....	1.70 M.....	.....	1.75 M.
8 oz. drinking cups.....	1,000,000	2.50 M.....	.....	¹ 2.02 M.....	2.06 M.....	2.09 M.
Dispensers.....	.....	4 oz., ³ 1.50.....	.....	Any quan- tity.	No Charge	No Charge
		6 oz., 2.00.....	.....	No charge	.....	.....

Items	Quantity	Southland Paper Co., Memphis, Tenn.	Paper Products, Memphis, Tenn.	I. L. Myers Paper Co., Memphis, Tenn.	Chatfield Paper Corp., Cincinnati	Graham Paper Co.
4 oz. drinking cups.....	1,000,000	1.20 M.....	1.50 M.....	1.50 M.....	1.54 M.....	.93 M.
6 oz. drinking cups.....	1,000,000	.....	.....	.....	2.21 M.....	2.10 M.
8 oz. drinking cups.....	1,000,000	.....	2.51 M.....	2.51 M.....	2.55 M.....	2.50 M.
Dispensers.....	.....	{Leased free of charge.	.....	.....	2.25 ea.....	Any quan- tity.
			.....	.....	.....	No charge.

¹ 2% disc. on order of 3MM cups.² Figures encircled.³ Leased, credited upon return.

We recommend contracting with the Taylor Paper Company of Memphis, Tennessee, for the eight (8) oz. drinking cups as they are low bidders on this item.

(Signed) A. L. FOLTZ.

Approved:

C. H. BRUCE,
 1st Lt. QMC,
 Spec. Asst. CQM.

MEMORANDUM NO. 32-A

PAPER CUPS

This affidavit by John G. Lord was introduced to refute the testimony of Lieutenant C. H. Bruce. In this connection, it is noted that while Lieutenant Bruce testified that he had made several surveys concerning the number of paper cups being used at the project and that these surveys showed that they were using two or three cups per person per day more than some of the other projects, no effort was made by Mr. Lord to contradict this statement.

A further investigation by the Committee established the inaccuracy of the original figures furnished the Committee regarding the number of cups purchased at the project. This investigation also revealed the fact that the duplicate payment mentioned in the testimony and the above affidavit no longer appeared as a duplicate payment because the receiving report number noted on both invoices had been changed on one of the invoices to indicate payment for another delivery. However, two other invoices, Nos. 13886 and 14328 were found which indicated that they covered payment for paper cups delivered on receiving report No. 25570.

It was noted that very few of these receiving reports had been executed by a government inspector and that the receiving report numbers on many of the invoices have been changed, often more than once, which indicated that a great deal of confusion was encountered in reconciling these payments.

Exhibits attached to Mr. Lord's affidavit show the tabulation of bids received prior to the letting of the larger paper cup contracts. The affidavit further states that the contracts let in these cases were for four ounce and eight ounce cups. In this regard, there is set forth the following letter dated July 31, 1941 from Ed Dalstrom, Manager of the Graham Paper Company to George Ferguson, salesman for this company indicating that the Wurzburg Brothers Company, who received an order for five million eight ounce paper cups was actually allowed to furnish seven ounce cups. A letter from the Wurzburg Brothers Company confirming this statement is also set out below.

It is also interesting to note that one million of these cups were shipped on July 9, 1941, whereas the tabulation of bids on this purchase is dated August 14, 1941, and indicates that several of the quotations were received by phone on July 22, 1941.

AFFIDAVIT No. 33

[In connection with this affidavit see Memorandum No. 33-A on p. 3451]

STATE OF TENNESSEE,
County of Carroll.

Personally appeared before me the undersigned authority, John G. Lord, who being first duly sworn deposed as follows:

My name is John G. Lord, I am Purchasing Agent for the Ferguson-Oman Company, and had charge subject to the Quartermaster's approval of the letting of contracts and handling the purchase of ice, water and salt tablets for both the Wolf Creek Ordnance Plant and Milan Ordnance Depot, which is being built by the Ferguson-Oman Company.

I have read a transcript of the testimony of Lt. Bruce given at the Senate hearing in Memphis, Tennessee on November 17, 1941, relative to these purchases. Mr. Fulton asked Lt. Bruce about the purchase of ice boxes. At no time have we purchased any ice boxes on either of these projects.

When we first started work on this project there was no drinking water available at either place and it was necessary to make arrangements for both water and ice, both for use in the Administration Area and in the Field. We took competitive bids and the Beare Ice and Coal Company of Milan, Tennessee, was the low bidder on furnishing both water and ice to the job, which bid was approved by the Constructing Quartermaster.

In the beginning due to not having available drinking water sources, it was necessary that we purchase 34 drinking water stands and as the employees on the project increased it became necessary that we also purchase 600-50 gallon wooden barrels and 300-15 gallon wooden kegs, which were distributed throughout the entire areas on both projects, to furnish all field men with proper sanitary drinking water facilities. There were not ice coolers but were wooden barrels with spigots.

The Beare Ice and Coal Company of Milan, Tennessee, contracted to furnish the 34 water stands, which were five gallon glass bottles placed on a receptacle holding ice to cool the water, at .75c per five gallon jug. These jugs were only used in the Administrative Areas and as soon as we got our own water supply the use of these five gallon glass bottles were discontinued.

The Beare Ice and Coal Company of Milan, Tennessee, also contracted to deliver ice to the wooden barrels and wooden kegs, which were spotted at various points throughout both the Wolf Creek Ordnance Plant and the Milan Ordnance Depot, at .40c per hundred weight. The only water ever supplied by the Beare Ice and Coal Company to the project was in the beginning when we did not have a water supply of our own and only when we were using the five gallon glass jugs in the Administration Area. No water was ever supplied by the Beare Ice and Coal Company to the barrels and kegs in the field.

The consumption of ice was approximately between 75 and 100 pounds of ice each day to the fifty gallon barrels and approximately 50 pounds to the fifteen gallon kegs, this depending entirely upon weather conditions.

The price of .40¢ per hundred weight for ice was the price charged by the Beare Ice and Coal Company for ice to any individual customer at their plant. This price to us was delivered to the various barrels and kegs located throughout the two projects. The Beare Ice and Coal Company, I know used four trucks every day in making these deliveries.

From reading the transcript of Lt. Bruce's testimony on November 17, 1941, in Memphis, Tennessee, Mr. Fulton states that the ice used on the two projects cost \$150.00 per day. This is not true I know, which is supported by our records approved by the Constructing Quartermaster that the ice for the Wolf Creek Ordnance Plant and the Milan Ordnance Plant from the beginning of the contract with the Beare Ice and Coal Company to November 1, 1941, comes to \$24,001.02, which is approximately \$93.38 per day for ice on the entire project.

The entire cost on both projects from the beginning to November 1, 1941, on ice drinking water and salt tablets, which is a standard requirement on all projects and large employments of men, was a total of \$27,993.46 from the beginning of the project to November 1, 1941, which is an average of \$108.00 per day, and not \$150.00 per day as stated by Mr. Fulton for ice.

JOHN G. LORD.

Sworn to and subscribed to before me, this 25th day of November 1941.

[SEAL]

WINFRED H. LANCASTER, *Notary Public*.

Registered as a Notary Public in Henderson, Carroll, and Gibson Counties, Tenn., as provided by chap. 193, Public Acts of Tennessee 1935.

My Commission Expires July 10th, 1945.

MEMORANDUM No. 33-A

MEMORANDUM

During the Hearings Lt. Bruce was questioned concerning the purchase of large quantities of ice averaging approximately \$150 per day. The above affidavit by John G. Lord states, in part, that the total purchases of ice up to November 1 amounted to \$24,001.02, with an average of \$93.38 per day, and that purchases of ice, water, and salt tablets averaged \$108 per day over this period. In view of the fact that the purchases were averaged over the period from the middle of February to November 1, which includes several months of cold weather, these averages are considered quite high.

After a further analysis of these purchases, based on information furnished by the Constructing Quartermaster's Office, it was found that from June 20 to August 8, a period of 42 days excluding 7 Sundays, \$10,940.65 worth of ice and water was purchased, or an average of \$260.48 per day. Mr. Lord's affidavit further stated that the only water bought from the Beare Ice and Coal Company was in the beginning when the project did not have its own water supply and only when the project was using the glass jugs in the administrative area. He further states that the use of the glass jugs was discontinued when the project had obtained its own water supply. In this connection, there is set forth a memorandum dated September 2 from the Constructing Quartermaster's Executive Officer to the Ferguson-Oman Company:

"1. This office has investigated expenses involved in the use of bottled water sold to this project by the Beare Ice and Fuel Company. As a result of this investigation, you will instruct your sanitation department to procure and place in the proper locations containers similar to those used in the field of such volume as will necessitate their being filled not more than once a day to replace the containers now being used.

"2. These containers are to be serviced by the crews handling the water barrels within the field by rearranging routes and assignments. The additional equipment called for is not authorized by this directive but will be considered with Mr. Hacker after he had rerouted his present equipment.

"/s/ GEORGE N. KIBLER,
"Captain, Quartermaster Corps,
"Executive Officer"

This shows clearly that the Constructing Quartermaster's office, not the contractor, initiated steps to stop the purchase of water and that these purchases continued long after the project's own water supply was available.

[Exhibit 1 attached to Memorandum 33-A]

WURZBURG BROTHERS,
Memphis, Tennessee, January 8, 1942.

Mr. CHARLES P. CLARK,
*Associate Chief Counsel,
 Special Committee Investigating National Defense Program,
 Washington, D. C.*

Subject: Wolf Creek Ordnance Plant, Milan Ordnance Plant, Milan, Tenn.

GENTLEMEN: As requested in your letter of January 2, 1942, our records reveal shipments of 7 oz. Cone Paper Drinking Cups to the above as follows:

Date of shipment	Consignee	Amount	Our Invoice No. and date.
July 9, 1941.....	Ferguson-Oman Co.....	1,000,000	7/12/41—A-08876
Sep. 27, 1941.....	Midwest Const. & Asphalt Co.....	100,000	}10/2/41—B-3126
Sep. 29, 1941.....	do.....	150,000	
Oct. 30, 1941.....	Midwest Const. & Asphalt Co.....	250,000	11/3/41—B-04845
Dec. 10, 1941.....	Midwest Const. & Asphalt Co.....	200,000	12/15/41—B-07127
Total.....	.....	1,700,000	

We trust that we have given you the desired information on this subject.

Sincerely yours,

WURZBURG BROTHERS,
 B. H. WILKINSON

BHW/C

[Exhibit 2 attached to Memorandum 33-A]

GRAHAM PAPER COMPANY,
Memphis, Tennessee, July 31, 1941.

Mr. GEORGE FERGUSON

I am wondering why Mr. Lord the buyer of Ferguson Oman Construction Co. at Milan, Tenn. insisted that we quote on 8 Oz. Cups and permitted Wurzburg Bros. to quote on and secure the order on 7 Oz. Cups.

I wanted to follow up on this, and I wanted to be sure of what we were talking about and you seemed to have trouble getting the information, so I asked Mr. Minton to find out from the factory.

Here is what the mill replied:

"You ask if we are selling Wurzburg Brothers of Memphis, Tennessee. Our answer is yes, and it was this company that secured the contract referred to in your letter on our No. 6, 7 ounce Vee Cups"

You can see from this that Mr. Minton's guess was correct, that 7 Oz. Cups were furnished. What we can't understand is why we were not permitted to quote, or rather why our quotation on 7 Ounce cups was not considered, because Mr. Minton in talking to Mr. Lord over the telephone quoted on 7 as well as 8 ounce Cups. Mr. Lord asked me for a price on 4, 6 and 8 ounce Cups.

It seems that there is something funny about this. It almost seems that competition was deliberately mislead so that the order might be thrown to a firm that I know is none too ethical in dealings of this kind.

ED. DALSTROM.

The following affidavits are included in the record in connection with the testimony of L. E. Pirtle, supra, pp. 2998-3006.

AFFIDAVIT No. 34

[In connection with this affidavit see Affidavit No. 34-A below]

STATE OF TENNESSEE,
County of Carroll.

Personally appeared before me, the undersigned Notary Public in and for said State and County, John H. Taylor, who being duly sworn, deposed as follows:

My name is John H. Taylor. I am Superintendent of Transportation of Light Equipment at the Wolf Creek Ordnance Plant and Milan Ordnance Depot.

I understand that Mr. L. E. Pirtle testified at the hearing in Memphis, Tennessee on November 18, 1941, that he picked at random from a hat a "Daily Shop Report of Labor and Materials" dated June 21, 1941, from which he testified. He testified, as I understand it, that our payroll at the Light Equipment Garage on that date was Thirteen Hundred Dollars (\$1300.00). He did not state that June 21, 1941 was on Saturday, which it was, or that on Saturdays and Sundays, under the existing union rules, we had to pay double time to the mechanics and mechanic helpers at the Light Equipment Garage. If he had picked out any other day in the week ending Saturday, June 21, 1941, other than Sunday of that week, the wages at the garage would have been just one-half the Thirteen Hundred Dollar figure which he testified, or Six Hundred Fifty Dollars (\$650.00).

I also understand that Mr. Pirtle testified at the hearing that on September 10, 1941 we had one hundred eighty-seven mechanics and mechanic helpers at the Light Equipment Garage. As a matter of fact, we had one hundred eighty-eight mechanics and mechanic helpers employed on that date. Mr. Pirtle picked out the peak day of the entire project as to the number of mechanics and mechanic helpers which we, on any one day, ever had working at the Light Equipment Garage. From that date on, the number of mechanics and mechanic helpers at the Light Equipment Garage has been steadily on the decrease.

JOHN H. TAYLOR.

Subscribed and sworn to before me this 24 day of November, 1941.

WINFRED H. LANCASTER,
Notary Public.

Registered as a Notary Public in Henderson, Carroll, and Gibson Counties, Tenn., as provided by chap. 193, Public Acts of Tennessee 1935.

My Commission Expires July 10th, 1945.

AFFIDAVIT No. 34-A

I, L. E. Pirtle, having been sworn previously in this proceeding make the following statement in further support of my testimony to H. G. Robinson, knowing him to be an Investigator of the Special Senate Committee Investigating the National Defense Program:

With reference to the affidavit of Mr. John H. Taylor, it is his contention that I took the figure of 187 employees as of September 10, 1941, as being the high point of employment in the garage, and in this connection I wish to outline the following facts:

During the summer when Mr. Lewis, the Light Equipment Supervisor of the Zone Field Office, Atlanta, made a survey of the Light Equipment Garage, and discussed its operation with Mr. Maxwell and myself. At that time he analyzed

the floor space and the number of cars that could be serviced, and arrived at the findings, in which I concurred, that the Garage could be manned with 126 mechanics and helpers as follows:

On Shift from 8:00 a. m. to 4:00 p. m. 25 mechanics, 25 helpers.

On Shift from 4:00 p. m. to 12 midnight, 20 mechanics, 20 helpers.

On Shift from 12 midnight to 8:00 a. m., 18 mechanics, 18 helpers. Or, a Total of 126.

I waited for something to be done as a result of Mr. Lewis' examination and there was never any cut made in the number of mechanics and helpers in the garage. Subsequently, I discussed the matter with Captain Kibler and Lieut. Fisher, of the Constructing Quartermaster's office and was reprimanded for not having submitted a report and recommendation. Accordingly, on September 8, 1941, I submitted a recommendation that the personnel of the Light Transportation Garage which is under the supervision of the Light Transportation Department of Ferguson-Oman Company be reduced. Under this date on the first shift from 12 Midnight to 8:00 a. m. there were 28 mechanics and 32 helpers. These mechanics drawing salary approximately \$65.00 per week, and the mechanic helpers drawing approximately \$39.00 per week. It was recommended that this force be reduced to 18 mechanics and 18 helpers. From the second shift from 8:00 a. m. to 4:00 p. m. there were 34 mechanics and 35 helpers working. The recommendation was submitted that this force be reduced to 25 mechanics and 25 helpers. On the third shift from 4:00 p. m. to 12 midnight under this date there were 23 mechanics and 26 helpers, a recommendation was made that the personnel be reduced to 20 mechanics and 20 helpers. This total reduction would mean the elimination of 52 persons, totalling approximately \$135,200.00 per year.

In referring to the schedule set out in Mr. Taylor's affidavit, it is apparent that this recommendation had some concrete results inasmuch as the number of employees showed a gradual reduction from September 20th on. The personnel was again reduced 15 to 20 men after the Hearing before the Committee in Memphis on November 18, 1941, which figures are not included in Mr. Taylor's affidavit. Mr. Taylor's affidavit does not include the period subsequent to October 8, and it is pointed out that on October 12, 1941, the Tire & Battery Department was established, which work was formerly done by the Light Equipment Garage; and in making a comparison with the figures for September 10th, the employees of the Tire & Battery Department should be included, inasmuch as they were included in the figure of 187 at September 10th.

On December 10th, 1941, at my request, Mr. Taylor prepared an analysis of the number of employees in the Light Equipment Garage, which is set forth on the Exhibit attached to this affidavit, and which shows a total number of employees for the garage and the Tire & Battery Department of 191 employees, despite the fact that since the figure of 187 for September 10th, there have been numerous motor vehicles transferred from this project, the work at present is less rather than greater.

In my testimony I mentioned that the Labor Charges in the Garage on June 21st, was \$1300.00, and in various affidavits including those of Mr. Taylor and Mr. Maxwell, much is made of the fact that this date was a Saturday, and double time was paid, which under straight time basis would have been only \$650.00. I stated emphatically to Mr. Maxwell that I had recommended at various times that the Light Equipment Garage be manned on Saturdays by an emergency crew, similar to the method of handling the garage on Sundays, which would provide emergency service for Police, Fire Department and such other emergency repairs as were necessary. This would eliminate double time, for which in my opinion, there was never any justification for paying.

With respect to the cost of various items, which I outlined in my testimony, and which are mentioned in various affidavits submitted, it is still my opinion that the individual charges are entirely out of line with the cost of the work in garages efficiently operated.

To attempt to analyze each one in detail would be a needless task; therefore, I am attaching a schedule of all Repair Parts Expenses of the garage for the entire month of June, which totals \$21,977.75, of which \$16,600.50 was for Labor alone.

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The foregoing figures should be considered with respect to the number of vehicles on the project during this month, which was as follows:

Station Wagons	73
Passenger Cars	33
Pickup Trucks	205
1½ Tons and Over	441
Total	752

During the month of June, more particularly toward the latter part, there were received on the project the following vehicles:

Passenger Cars	14
Pickup Trucks	50
1½ Tons and Over	123
Total	187

This would make an average of approximately 850 vehicles on the job throughout the month, and would indicate that an excess of \$20.00 per vehicle for every vehicle on the job was spent in the Light Equipment Garage that month.

These figures are from the Official Records of the project, and the testimony given by me originally needs no support, despite affidavits to the contrary.

(Signed) L. E. PIRTLE.

Sworn to and subscribed to before me at Jackson, Tennessee, December 12, 1941.

H. G. ROBINSON,

Investigator, Special Senate Committee Investigating the National Defense Program, United States Senate.

Summary of daily shop report of labor and materials, for the month of June 1941

Date	Labor	Parts	Total
June 1, 1941	\$39.88		\$39.88
June 2, 1941	481.62	\$160.62	642.24
June 3, 1941	525.10	334.44	859.54
June 4, 1941	554.46	286.64	841.10
June 5, 1941	513.43	162.74	676.17
June 6, 1941	573.05	190.14	763.19
June 7, 1941	42.97	1.13	44.10
June 8, 1941	44.52	7.58	52.10
June 9, 1941	560.14	249.77	809.91
June 10, 1941	565.01	189.02	754.03
June 11, 1941	543.93	249.19	792.68
June 12, 1941	574.48	255.02	829.50
June 13, 1941	538.68	122.82	661.50
June 14, 1941	1,090.40	188.44	1,278.84
June 15, 1941	56.25	3.81	60.06
June 16, 1941	591.61	186.04	777.65
June 17, 1941	576.03	227.87	803.90
June 18, 1941	551.33	260.53	811.86
June 19, 1941	589.24	296.66	885.90
June 20, 1941	516.90	130.53	647.43
June 21, 1941	1,299.46	205.82	1,505.28
June 22, 1941	68.40	9.28	77.68
June 23, 1941	649.71	222.88	872.59
June 24, 1941	632.88	156.38	789.26
June 25, 1941	658.67	222.05	880.72
June 26, 1941	685.82	342.22	1,028.04
June 27, 1941	698.26	237.17	935.43
June 28, 1941	1,520.63	278.65	1,799.28
June 29, 1941	94.04	14.97	109.01
June 30, 1941	763.60	185.29	948.89
Total	16,600.50	5,377.70	21,977.76

FERGUSON-OMAN COMPANY,
Milan, Tennessee, December 9, 1941.

Ass't. Supt.....	1
General Foremen.....	1
Stock Room Clerks.....	6
Office Clerks.....	5
Mech. Straw Bosses.....	3
Labor Straw Boss (Grease).....	2
Labor Straw Boss (Wash).....	2
Painters.....	4
Mechanics.....	56
Mech. Helpers.....	42
Grease Men.....	15
Wash Men.....	27
Stock Room Foremen.....	1
Total WCOP & MOD.....	165

TIRE AND BATTERY DEPT.¹

Mechanic Helpers.....	23
Equipment Checker.....	2
Clerk.....	1
Total WCOP & MOD.....	26

(In ink:) ¹ Separated from the garage Oct. 12, 1941.

AFFIDAVIT No. 35

[In connection with this affidavit see Affidavit No. 35-A on p. 3462.]

AFFIDAVIT OF WAYMON H. MAXWELL

STATE OF TENNESSEE,
County of Carroll.

Personally appeared before me, Winfred H. Lancaster, the undersigned Notary Public, Waymon H. Maxwell, who being duly sworn, deposed as follows:

My name is Waymon H. Maxwell. My home is in Nashville, Tennessee, but at the present time I am living at Milan, Tennessee, and I am now Superintendent of Light Equipment Garage at the Wolf Creek Ordnance Plant and Milan Ordnance Depot, under construction by Ferguson-Oman Company. I have been so employed since February 16, 1941, which was about the time that the work at the plant started. Before coming on this job I had been an automobile mechanic for the past twenty-five years.

Mr. Lewis E. Pirtle is the Inspector of the Light Equipment and mechanical work at the Milan Plant. He is in the Quartermaster's Department and is a civilian employee. He checks and O. K.'s parts to be installed in the light equipment and I was instructed to get his approval before making any repairs on the light equipment.

Mr. Pirtle worked under Mr. Fred M. Stanfield, who, I understand, held the position of Field Auditor with the Quartermaster.

I have had trouble time and time again in getting the approval of Mr. Pirtle on replacements of parts where the original parts were worn out. I remember several occasions where the equipment needed new starter armatures and Mr. Pirtle insisted that I straighten them and I had no way in which to straighten them, and they were not subject to being satisfactorily straightened. On steering main shafts there have been a number of instances where automobiles needed steering main shafts and Mr. Pirtle would take two mechanics and go to the press and spend from one to two hours trying to straighten the shaft, and wind up having to remove the steering shaft from the car again and replace it with a new one.

I know from what Mr. Pirtle has told me that prior to his being employed at the plant that he ran a small automobile garage and filling station combined at Milan, Tennessee, which at that time had a population of about three thousand people.

Before Mr. Pirtle came to work at the Plant Mr. Stanfield asked me a number of times to hire him. I had met him and had investigated him and I didn't feel that he was qualified to do the type of work that the Light Equipment Garage was supposed to do and hence I refused.

Mr. Pirtle also tried to run the Light Equipment Garage and kept interfering so much that it was awfully hard for me to carry on my work in the way I wanted to carry it on and knew it should be done, and the situation got so bad that on September 5, 1941, I addressed a letter to Mr. A. K. Ferguson, an exact copy of which I am attaching hereto as Exhibit #1 to this, my affidavit. I am also attaching hereby, as Exhibit #2, to this, my affidavit, copy of a letter of September 4, 1941, that I wrote to Mr. A. K. Ferguson, relative to one of Mr. Pirtle's deputy inspectors, a Mr. Jesse Leech. I am attaching hereto as Exhibit #3 to this, my affidavit, copy of a letter which I wrote on May 28, 1941, to Mr. John Taylor.

At the time of my conversation with Mr. Pirtle and Mr. Stanfield mentioned in this exhibit, they both told me that they didn't see why we didn't buy our requirements for parts from Mills-Morris Company. Mr. Stanfield, in the presence of Mr. Pirtle, asked me why I didn't get a blanket order from Mills-Morris, stating that he would O. K. it if I would get it. I told him that that was not my job. Two mornings after that Mr. Stanfield rode in and out of the garage on several occasions and told me to "set level; that the thing was going to bust wide open; he knew it was; that a lot of people would be sorry". He said that things were not running like he wanted them run. I asked him what he meant and he would not tell me and he said "just sit still a day or two, but you will still be in charge of everything".

Mr. Pirtle talked to me when we were trying to secure a blanket order for piston rings and told me that his wife's half-brother, named Leslie Black, was connected with Continental Piston Ring Company, Memphis, Tennessee office, and that he would like to do what he could to throw the piston ring purchases to him. He said that Black had done him some favors and he would like to return them if he could. This conversation took place before we took bids on piston rings and Mr. Pirtle asked me to see Black favored as far as we could, and that he wanted to see if he could get a blanket order for Black's company. After the bids were taken the Continental Piston Ring Company did get a blanket order, but I had nothing to do with that. Ever since the blanket order allowed the purchase of Continental Piston Rings with the Memphis branch of the company, Mr. Pirtle has tried to get me to use Continental Piston Rings exclusively and whenever I didn't then he would get on me about not doing this and would swear that he wouldn't sign an order for parts from some other company.

At one time I had to place an order for some pistons for a General Motors Truck. We had a blanket order with the General Motors Sales Company in Nashville, and the order was made out in my department and Mr. Pirtle refused to O. K. it and demanded that the pistons for the General Motors Truck which my department was repairing be purchased from the Mills-Morris Company of Memphis, Tennessee. The order was placed with Mills-Morris and he O. K'd it, and Mills-Morris then had to go and buy the pistons from the General Motors Sales Company and ship them to us and these pistons cost us more than if we had bought them direct from the General Motors Sales Company. Mr. Pirtle refused to let us buy them from anybody else on that particular job.

On one occasion Mr. Stanfield was driving one of the plant station wagons, No. 2048, in the City of Milan, Tennessee, and he pulled out of an alley on Main Street, when a laundry truck struck his car on the fender. He came back to the garage and had me to repair the fender and said that he was going to do the same thing for the man that hit him if he ever caught him on the reservation. On another time, Mr. Pirtle and Mr. Stanfield were driving to Milan and the laundry truck was parked off the highway, delivering laundry to the First Aid Station. Mr. Stanfield backed his car up, off the highway, and struck the front of the laundry truck, damaging it, and then making the remark that he got even with the man that had struck his car.

I remember a time about a month and a half, or two months ago, when my night foreman, Mr. Wallace Weatherly, told me in the morning that the night before Mr. Pirtle had come to the garage while the men were having their lunch period at about 8 O'clock P. M., and he had inquired of him why they were sitting around in their private cars, listening to their own radios. He stated that he

had explained to Mr. Pirtle that it was their lunch period, for under union rules the night shift has thirty minutes off for lunch and there wasn't anywhere else for them to sit at night except in their own private cars, all of which were parked close by the garage.

I well remember sitting at my desk in the garage when Mr. Pirtle was called to the telephone, in my office, and from what I understood from his conversation he was talking to Mr. Bob Mills of Mills Morris Company, Memphis, Tennessee. I understood the conversation to be a confirmation by Mr. Mills to Mr. Pirtle of some Ford motor sleeves which Mr. Pirtle had approved to be ordered from Mills Morris Company a day or two before.

After the conversation in regard to Ford motor sleeves was over, Mr. Pirtle asked Mr. Bob Mills why he did not bid on some of this motor work. He then made the statement "you know your motor friend is getting all of the work." Mr. Pirtle then proceeded to state that he had two G. M. C. motor blocks that had to be rebored and rebuilt. He stated that R. H. Chilton Auto Machine Company of Nashville, had been called to come to the Plant the next day to get two G. M. C. Motor Blocks. He told him that Chilton had made us a price of \$62.50 each and was doing it for same on these two motor blocks. He stated if he was interested in making a bid to make it a few cents under Chilton's price so no one would squabble about it. When he made this statement he turned around and winked to me. After he had finished the conversation he asked me if he had done anything wrong. I told him that was his business and not mine. Mills Morris Co. came and got two motor blocks and kept them five (5) days. Whereas on other work Chilton had done for us of similar nature, he had never kept blocks over three (3) days. When I got the invoice from Mills Morris Company, each block was charged \$62.40 instead of \$62.50 per block, or a saving of ten cents (10¢) a block which was greatly offset by two additional days that the equipment was kept out of operation over the length of time that Chilton had gotten similar jobs done for us.

I understand that Mr. Pirtle testified at the hearing on November 18, 1941 that we often put new valves and spark plugs in the equipment when all that was needed was to grind and reface the valves and clean the spark plugs. On several occasions Mr. Pirtle has insisted that I grind and reface valves on equipment where it would have been impossible to have done this and to have done a satisfactory job, due to the fact that the valve stems were so badly worn. We did have a machine for refacing and reseating valves, which we constantly used and which we used on every job where the valve stems were not so badly worn as to require new valves. We also have a spark plug cleaning machine. Only one can of sand used in this process came with the machine and we very shortly used it up with the large number of plugs that had to be cleaned. I tried time and time again to get Mr. Pirtle to O. K. an order for the necessary sand used in this machine, and refused and said that "we had already used it too damn much". I have never put new spark plugs in any of the light equipment unless they were needed in my opinion. After twenty-five years of experience as a mechanic, I know that when a spark plug gets coated with oil that it won't stand more than one cleaning, and Mr. Pirtle just kept insisting that I clean spark plugs over and over, which cost the company many times more than the value of the new spark plugs due to the excessive oil consumption afterwards.

I understand that Mr. Pirtle testified at the hearing in Memphis on November 18, 1941, in regard to an International Truck No. B2336 and the delay in repairing it. What happened in this case was that this truck needed a motor overhaul, and he and Mr. Martin went to Jackson to secure these parts and on returning to the garage they had not obtained some of the parts and we had to back-order them. Another International came in the shop while we were awaiting these parts, with a bad starter, and Mr. Pirtle suggested that the starter off the one that was grounded for parts that were back-ordered be placed on the one that had a bad starter, to get it back in service, and that would leave us one truck in the lot instead of two being out of service. This I did, and I think it was the right thing to do, but the delay in repairing International Truck No. B2336 was caused by the above situation and Mr. Pirtle's Orders.

I understand that at the hearing on November 18, 1941, Mr. Pirtle testified that on or about that date we had 187 men working in the garage. He was right about this. This was about the peak of the work in the Light Equipment Garage, and also as far as the number of mechanics and helpers were concerned. It required this number of men to keep the light equipment in service. I have never been overstaffed with mechanics and helpers in the garage, and when I

didn't need them I didn't have them around on the payroll. I have consistently tried to hold the number of employees down to a minimum and by making a change from a three shift day of eight hours each to a two shift day of ten hours each I have been able to keep the work going with fewer employees. Mr. Pirtle never made this suggestion to me, but I worked this out myself, and it has made a considerable savings. Mr. Pirtle never at any time suggested that I was having more mechanics and helpers than was needed for the work in the garage. At one time Mr. Pirtle tried to get me to fire one of my foremen, who was a very competent man, and give him the job as foreman. He said he thought he should have a good job out of it as he was a local resident.

I understand that on the hearing on November 18, 1941 in Memphis, Tennessee Mr. Pirtle testified that on June 21, 1941 the total labor charge on the garage was \$1300.00. This is correct, but the parties included on the payroll on the date, for \$1300.00, included all mechanics, all helpers, negro wash boys, and all grease men working in the garage. This was on Saturday, and at that time, under union rules we had to pay double time and if any other day in the week except Sunday, on which we always had to pay double time, had been selected, the cost of operating the garage on that day would have been one half this amount, or \$650.00, due to our having to pay double time.

I further understand that he testified as to charges for certain particular items of work on that day, included among which was the installation of a fire extinguisher for which a charge of \$3.00 was made, and which took thirty minutes time. The facts in regard to the installation of this fire extinguisher are that the bracket which came on the fire extinguisher which was to be installed in a station wagon, No. 2010, did not fit in the station wagon, and a special bracket had to be made at the garage to hold the fire extinguisher in place. A new bracket was made at the garage and the fire extinguisher installed, and it took two men three-quarters of an hour to make the bracket and install the fire extinguisher. The cost price was \$3.00.

Another item to which Mr. Pirtle testified was putting a fire extinguisher on a station wagon No. 2012, at a total labor cost of \$6.00. I have checked the shop card on No. 2012 for June 21, 1941, and from the shop card and my remembrance, we were instructed to put two fire extinguishers in this particular piece of equipment on that date. We had to put fire extinguishers in several pieces of equipment on that date. As I have stated in explaining the charge for installing the fire extinguisher on 2010, we had to make in our own shop the brackets to hold these fire extinguishers. We also had to send to Heavy Equipment Garage to get the material to make these brackets. The Heavy Equipment Garage is about three (3) miles from the Light Equipment Garage. We sent one piece of equipment for these materials with which to make all of the brackets, and the time of the mechanic going to and from the two garages was charged to 2012. It took three (3) hours time to get the material for the brackets, to make them and install them, which had to be paid for at double time at a cost of \$6.00.

Another item that I understand Mr. Pirtle testified about was 4½ hours on June 21, 1941 to repair a tire. This was a chevrolet dump truck No. B2346. The job card on this item gives all of the details of work done covering the charge paid on the "Daily Shop Report Of Labor and Materials" from which a record of June 21, 1941, I understand Mr. Pirtle was testifying. The true picture of work done on this piece of equipment is that we received a service call, and we had to send to the place where the tire went flat, and bring the tire back to the shop. The time is charged against the particular repair from the time the party going for the tire leaves the shop until he completes the job. When this tire came in it was so badly damaged that I had to send a new tire out to take its place. Before doing this a tube was patched as it was alright. The mechanic reported when he brought the tire back that the piece of equipment needed a new wheel gasket. The time for going and getting the tire, patching the tube, going back and putting a new tire on the equipment and in placing a new wheel gasket on the equipment it took 2¼ hours; which at double time made 4½ hours, and the total cost of labor was \$1.00. The 63¢ shown on this shop card covered the cost of the patch and gasket.

Another item to which I understand Mr. Pirtle testified from record of June 21, 1941 was vehicle No. 2100. The actual facts in this case from my shop card was not merely installing rings but we made a complete overhaul of this motor, and also put a heavy duty generator and an oil filter on it. The total parts did come to \$3.66. It took only 2¼ man-hours, but at double time the work was charged

at 48½ hours, and the labor cost at double time came to \$57.54 instead of \$53.83, as I understand Mr. Pirtle testified. It would be impossible for any mechanic to have overhauled this motor, changed the pulleys, put in a new heavy duty generator, oil filter and other work that was done on this motor for \$25.00; even if he wasn't working under union rules of double time.

I understand Mr. Pirtle further testified about a 3½ hours labor charge for repairing another tire. The time was charged from the time the mechanic left garage, had brought the tire back to garage, had repaired it, taken it back to the equipment, put it on and had then returned to the garage. This 3½ hours on June 21, 1941 was a double time day.

I understand Mr. Pirtle testified that there were several instances where it took an hour to change the oil in a piece of equipment. When oil is changed in my garage on any piece of equipment, it is driven on the oil rack and two men work on changing of oil. They drain the oil from the car, and flush the motor out and let it drain. They remove the oil bath from carburetor and wash it and refill it. They examine all of the zerks fittings and then refill the crank case with oil. The quickest that this can be done from having watched it is 15 minutes with two men working on it and a total of 30 minutes straight time, and at double time this would be one hour.

I understand Mr. Pirtle further testified from the record of June 21, 1941 that it took 41 hours to repair a missing motor which was listed as being in the garage on four consecutive times on that date. I well remember this particular truck for when it was first brought in Mr. Pirtle was present and he insisted that we merely clean the spark plugs, which under his instructions was done. The equipment left the shop but was back in the shop within a short time later with same trouble. Mr. Pirtle was still there and he said clean the plugs again and it was done. In a short time the equipment came back with the same trouble, and I made a statement to him that there was no need of wasting any more time in cleaning spark plugs and the motor should be torn down and reconditioned. He finally agreed to this and approved my doing it. This I did and in doing work on the motor it overlapped from one shift to the other shift and there were three shop cards made out on this particular job. The first card made out to clean the spark plugs and check a miss in the motor. The second to check the motor from this and clean the light switch and the third check for a miss in the motor. The total time consumed in putting in the new rings and reworking entire motor as well as cleaning the spark plugs was 20¾ hours which at double time made 41½ hours.

I understand Mr. Pirtle further testified from record of June 21, 1941 that we spend 12 hours on repair of carburetor at total labor and parts charge of \$18.64. The facts about this case are that this piece of equipment broke down and we had to make a service call on the same and bring the equipment into the shop. We found sand had gotten into the carburetor, and we had to remove and clean the carburetor and then install it. In addition we cleaned the spark plugs and cleaned the motor on this equipment. It took six man hours which at double time would be 12 hours. The cost and time worked was not due only to repair of carburetor and the time was double time.

I understand that Mr. Pirtle testified that it took 9½ hours on June 21, 1941 to repair self starter. The facts about this case are that we rebuilt the generator, charged the battery and also repaired the starter. The starter needed new shaft but Mr. Pirtle insisted that we straighten the shaft, when we could have done a better job and more quickly by installing a new shaft. The actual working time on both repairing the starter, the generator and recharging the battery was only 4¾ hours, but it appears on "Daily Shop Report of Labor and Material" on June 21, 1941, as 9½ hours due to it being a double time day.

I have tried time and time again to locate Mr. Pirtle when I needed him and it was always very difficult to find him in order to have him O. K. necessary parts. I always tried to contact him before making any replacements, as it was his duty to O. K. the same.

W. H. MAXWELL.

Sworn to and subscribed before me this 24 day of November 1941.

[SEAL]

WINFRED H. LANCASTER, *Notary Public*.

Registered as a Notary Public in Henderson, Carroll, and Gibson Counties, Tenn., as provided by Chap. 193, Public Avts of Tennessee 1935.

My commission Expires July 10th, 1945.

FERGUSON-OMAN COMPANY

Inter-Department Letter

Subject: Light Equipment Garage

SEPTEMBER 5, 1941.

Mr. A. K. FERGUSON.

DEAR SIR: I hate to worry you and try not to do so unless of vital importance. Since accepting my position with Ferguson-Oman and with you, I have tried to hold my Department to the rating we have been given, 100%.

When we started our garage to keep this equipment moving, lacking garage equipment and parts had to be ordered. However, that we did without delay to valuable equipment and Government Inspectors, still cooperating with the Government and all concerned.

Now my organization is no longer under my supervision it seems, due to the fact one Mr. L. E. Pirtle, Government Inspector, directs my employees how, when and why this work should be done, with a most overbearing attitude, cursing my men and causing malice among all. Also holding up work until he sees fit to authorize an order for parts from 5 cents up, who we shall order from, at times taking several days when this could be completed in several hours by using our blanket order form, ordering from one of our local dealers, he having personal trouble with this dealer before project started. Probably this could explain some of that.

It is not a dislike to this man, but a hindrance in this Department and black sheet on part of Ferguson-Oman, and I do like to hold this Department up to your standard.

(Signed) W. H. MAXWELL.
Light Equipment Garage.

Exhibit No. 1 to my affidavit of November 24, 1941.

W. H. MAXWELL.

FERGUSON-OMAN COMPANY

Inter-Department Letter

Subject: Light Equipment Garage

SEPTEMBER 4, 1941.

To: Mr. A. K. Ferguson.

From: Mr. W. H. Maxwell.

On having a GMC truck, A-2376 on my grease rack for servicing, we found one frozen fitting and one missing fitting on power take-up.

This truck was serviced by Robert Lidfinter, Badge No. 62957.

It was transferred to garage by authority of Government Inspector, Mr. Leech. After this truck was in garage, Mr. Leech called Mr. L. E. Pirtle, his superior Government Inspector and showed this to him, and in a most rude manner inquired of me why this was not done.

I had my Grease Foreman, Mr. Tilford Martin and Grease Man, Mr. Litsinger, come into the garage to find out why this was not done. Mr. Martin stated that Mr. Leech told him he would take care of this and have truck back to garage for other greasing. Mr. Leech denied making this statement until they were all together, then he did say he made that statement.

This man is not only a hindrance to work but is not capable of giving advice as to how this work should be done.

The work performed under the supervision of my Foreman, Mr. Martin, has been 100% since accepting this position six months ago. He has followed this type of work for years and should know duties required.

Mr. Pirtle has only had this Inspector, Mr. Leech, here one week and not having an Inspector on the other two shifts it is a reflection on Mr. Martin, as well as Superintendent of Transportation and myself. Superintendent of Garage.

(Signed) W. H. MAXWELL.

Exhibit No. 2 to my affidavit of November 24, 1941.

W. H. MAXWELL.

FERGUSON-OMAN COMPANY,
 Milan, Tennessee, May 28, 1941.
 Address Reply to Milan, Tenn.

To: Mr. John Taylor.
 From: Mr. W. H. Maxwell.

I ordered 6-#9215 SB connecting rod bearing for D-2333 prive of these parts was 5.10 less 1.53 total 3.57 this order was made thru Denny-Caldwell and was delivered by Mr. Jim Beasley.

On arrival Mr. Pirtle and Mr. Stanfield refused to except, due to the fact these parts was for International, they thought this was taking advanatge of our blank order.

As this was a small order, well as emergency thought this was best, for if not thru this channel this unit would be grounded until parts arrived from Jackson with necessary purchase order

Mr. W. H. MAXWELL.

Exhibit No. 3 to my affidavit of November 24, 1941.

W. H. MAXWELL.

AFFIDAVIT No. 35-A

I, L. E. Pirtle, having been sworn previously in this proceeding, make the following statement in further support of my testimony to H. G. Robinson, knowing him to be an Investigator of the Special Senate Committee investigating the National Defense Program:

With reference to the affidavit of Mr. W. H. Maxwell, it would appear that he had trouble getting me to approve parts replacements. There was some question as to the need for the parts, otherwise, my approval would have been readily given. I at no time insisted on straightening armatures, inasmuch as I knew, and Mr. Maxwell knew, we did not have the facilities to do this work. However, I did insist, and I still insist, that the armatures should be saved and sent to a machine shop where they could be straightened for future replacement purposes at a very nominal cost.

I dispute Mr. Maxwell's estimate of the time necessity to straighten steering shaft. In a number of instances where I could not successfully prevail upon them to straighten the shaft rather than replace it, I did the straightening myself to show them how it could be done; it took me approximately twenty minutes. This might be an appraisal of the efficiency of the Mechanics, when according to Mr. Maxwell it would take them two hours to do the same job.

Mr. Maxwell has at various times stopped at Denney-Caldwell Company and picked up parts himself, and I have time and again cautioned him that it was not in accordance with our blanket order with Denney-Caldwell Company, inasmuch as this provides only for Chevrolet parts, and the parts which Mr. Maxwell picked up had to be covered by a Special Purchase Order involving some office detail; and the discount obtained was not as high as though we had purchased the parts from authorized distributors. It has always appeared mysterious to me why Mr. Maxwell insisted on favoring the Denney-Caldwell Company. On one occasion there was a requisition for several hundred dollars of new parts made out, and I refused to handle it as an Emergency Purchase, inasmuch as some of the parts were for stock purposes on which bids should be obtained. Jimmy Beasley, Salesman for the Denney-Caldwell Company tried to prevail upon me to give him the order, but I told him he would have to bid on it in the regular manner, and he said, "don't be silly, you know I will get it anyway." Mr. Maxwell's exhibit is a letter dated May 28th attached to his affidavit, supports the details outlined.

Mr. Maxwell states in his affidavit that there was some basis for obtaining a blanket order from Mills-Morris, and the only reason he did not endorse it was that "it was not his job." Mr. Maxwell also points out that Mr. Stanfiel corroborates my position with reference to details not being properly handled in the Garage. With reference to my favoring the Continental Piston Ring Company, it is true that my wife's half-brother is connected with this company, but it was through this organization I was able to obtain Piston Rings costing \$7.30 per set at a discount of 60 and 10%, whereas, Denney-Caldwell's discount was 30%, and I felt that the Government should be given the advantage of the higher discount; and in further view of the fact that Denney-Caldwell supplied McQuay-Norris Rings, which failed to stand up, common sense would seem to dictate that the rings should be obtained from the Continental Piston Ring Company.

With respect to the purchase of pistons from the General Motors Sales Company, Mr. Maxwell has not indicated all the facts in connection thereto. Due to priority, it is virtually impossible to purchase new pistons, and even though I suggested that they try Mills-Morris Company, they were only able to obtain half of the required number; and at the present time there are motors in the Garage for which we cannot get pistons. I do not believe Mr. Maxwell should criticise using any source of supply in order to put the trucks back into operation.

Mr. Maxwell attempts to discredit me by stating that I was with Mr. Stanfield at the time he is supposed to have deliberately damaged the laundry truck. Whether or not I was with Mr. Stanfield is not important, as it was something Mr. Stanfield should be called upon to answer rather than myself.

With respect to the motor from the Chilton Automobile Machine Company, I have previously explained this situation in another affidavit.

With further reference to the use of Mr. Leech, it is my opinion that Mr. Leech saved the Government the expense of many unnecessary repairs. It came to my attention that cars were not being properly greased, and that the universal joints and power hoists were not receiving careful attention. This made itself evident in the repairs that were necessary thereafter, and in order to remedy this condition, Mr. Leech was placed on the Grease Rack to make sure that the cars were properly serviced. The result of his inspection had a very definite reaction by avoiding the necessity of replacing universale joints, etc. and he has many times over justified his salary.

I have in another affidavit outlined the reasons for my insisting that spark plugs be cleaned instead of being replaced, and I still insist that the equipment being all new equipment with less than 1,000 miles service, should not under any stretch of the imagination need new spark plugs, but yet Mr. Maxwell's affidavit indicates some of the cooperation I received in the Light Equipment Garage on even such small matters as cleaning spark plugs.

Mr. Maxwell's interest in keeping the expenses of the Light Equipment Garage at a minimum, as claimed in his affidavit, is not quite in accordance with the facts as I know them, and I refer specifically to Mr. Bethel Cole, who was hired as a Mechanic's Helper, and after being around the Garage for awhile, Mr. Maxwell took him to the door of the Garage and pointed to the Tire House, and told Mr. Cole to get in there and stay there and keep out of sight. Thereafter, Mr. Cole stayed in the Tire House for three weeks with nothing to do except read magazines and look at funny papers.

In connection with Mr. Maxwell's statement that it was difficult to locate me when I was needed, the exact opposite is true. I was always available, although Mr. Maxwell could not be found, and was constantly making special trips to Denney-Caldwell Company for "Emergency Parts Purchases."

I might add that during the two days I was in Memphis in attendance at the Hearing before the Special Senate Committee investigating the National Defense Program, there were more parts replaced in the Garage than I have ever seen in any other two day period. There were clutch plates, discs, brake shoes and entire springs instead of leaves. I was able to check these back by the number of old parts which were laying around upon my return.

(Signed) L. E. PIRTLE.

Sworn to and subscribed to before me at Jackson, Tennessee, December 12, 1941.

H. G. ROBINSON,
*Investigator, Special Senate Committee
Investigating the National Defense Program,
United States Senate.*

AFFIDAVIT No. 36

[In connection with this affidavit see Affidavit No. 34-A on p. 3453.]

MILAN, TENNESSEE,
November 24, 1941.

STATE OF TENNESSEE,
County of Carroll.

Personally appeared before me, Winfred H. Lancaster, Notary Public, Waymon H. Maxwell, who being duly sworn deposed as follows:

I understand that Mr. Lewis E. Pirtle testified at the hearing in Memphis, Tennessee, on November 18, 1941 that he picked a particular "Daily Shop Report

Sheet" of the Light Equipment Garage out of a hat, from which to testify about the work of Light Equipment Garage, and that that date happened to be June 21, 1941. It so happens that under the unions rules at that particular time we had to pay double time on Saturdays and Sundays. June 21, 1941 was on Saturday. If Mr. Pirtle had picked any other week day in the week ending June 21st, about which to testify, the labor charges would have been just one-half of the amount testified to for June 21, 1941 or \$1300.00 for labor and \$650.00 at straight time.

W. H. MAXWELL.

Sworn to and subscribed before me this 24 day of November 1941.

[SEAL]

WINFRED H. LANCASTER, *Notary Public*.

Registered as a Notary Public in Henderson, Carroll, and Gibson Counties, Tenn., as provided by Chap. 193, Public Acts of Tennessee 1935.

My Commission expires July 10th, 1945.

AFFIDAVIT No. 37

[In connection with this affidavit see Affidavit No. 37-A on p. 3465.]

STATE OF TENNESSEE,

County of Carroll:

Personally appeared before me, the undersigned Notary Public in and for the said State and County, Harry V. Steele, who being duly sworn, deposes and says:

My name is Harry V. Steele. I am employed by the Ferguson-Oman Company as Machinist Straw Boss and have charge of the mechanics at the Light Equipment Garage on the first shift. I have been so employed since about March 10, 1941. I work under Mr. W. H. Maxwell.

In connection with my employment, I came in contact with Mr. Louis Pirtle quite often. He is employed by the Government as a Tool Inspector and is supposed to approve the use of new parts which are to be placed on the light equipment in our garage.

I understand that Mr. Pirtle, in his testimony at the hearing in Memphis, Tennessee on November 18, 1941, put a letter in the record which he claims to have written to Mr. Bouch, his superior, in June of 1941, in which he referred to an International truck, number B2336, on which he claims we caused an unnecessary delay in repairing due to the fact that we did not inspect the truck sufficiently when it came into our garage to enable us to order the sufficient number of parts. I remember this incident very distinctly, and the truth of the matter is that when the truck was brought to our garage we disassembled the truck and made a list of the repairs which it needed, and Mr. Pirtle was supposed to o. k. the necessary parts so that we could purchase them and make the necessary repairs. This was not done right away, and Mr. Pirtle authorized us to take the starter off the International Truck #B2336 and put the starter on another truck so that two trucks would not be idle at the same time. All of this was done at Mr. Pirtle's request.

On several occasions Mr. Pirtle has held up our repair jobs because of his failure to authorize us to make the necessary repairs after the necessity for the repairs came to his attention. For instance, on one occasion a wrecked truck was brought to our garage and while I was making an estimate of the repairs necessary to put the truck back in working order, Mr. Pirtle came up and inquired as to what I was doing. When I told him, he told me not to touch the truck until he authorized me to do so. He said he wanted to find out something about how the wreck happened. I obeyed his instructions. About five hours later, Mr. Pirtle and his superior at that time, Mr. J. F. McCarthy, came back to the garage and authorized us to go ahead and repair the truck. At that time Mr. McCarthy told Mr. Pirtle in the presence of Tucker Hipp, another mechanic, and me, to refrain from holding up repairs on minor damages in order to investigate the cause of the accidents because the trucks were needed so badly on the job.

Mr. Pirtle in several instances has instructed us to make repairs in ways which were not up to standard practices and ways which have been outmoded by time, and this would cause the equipment to be sent back to the garage for repairs before it ordinarily would have if the usual practices had been followed in making the repairs.

Mr. Pirtle, by his continual use of profanity and constant criticisms of the employees' work kept the mechanics disturbed and dissatisfied, and this necessarily delayed our work.

On one occasion a White Dump truck, number B2342, which had been converted into a Winch truck was brought into our garage for repairs. After inspecting it, I saw that it would require a rebuilt motor. This necessitated Mr. Pirtle's approval, and I reported it to him at once but he refused to inspect the truck or to even look at it, and as a result the truck is still out of operation. This happened sometime during the first part of August 1941.

HARRY V. STEELE.

Subscribed and sworn to before me this 22 day of November, 1941.

[SEAL]

WINFRED H. LANCASTER, *Notary Public*.

My Commission expires: July 10 1945.

Registered as a Notary Public in Henderson, Carroll, and Gibson Counties, Tenn., as provided by Chap. 193, Public Acts of Tennessee 1936.

My Commission expires July 10th, 1945.

AFFIDAVIT No. 37-A

I, L. E. Pirtle, having been sworn previously in this proceeding make the following statement in further support of my testimony to Mr. H. G. Robinson, knowing him to be an Investigator of the Special Senate Committee investigating the National Defense Program.

In the affidavit of Harry V. Steele it is made to appear that I held up the repairs to truck B 2336. The true facts are these: When the truck came in and the list of parts was made out, the mechanic did not notice a crack about 2" long in the water jacket. Thereafter arrangements were made to send it to a friendly outfit in Nashville for welding at a cost of \$9.00. Mr. Stanfiel bawled Steele out and told him to have Mr. Kirby, the Welder employed by the Contractor weld it; this was done and Mr. Maxwell in charge of the garage said that he had not realized it could be welded on the project. With respect to switching generators this is definitely untrue, because it was a definite ruling which I helped enforce that one unit was not to be used as a source of supply for parts for any other units.

With reference to holding up repairs on a wrecked truck, this I admit is true. So many cars and trucks were being brought into the garage after hours, and without official notification to have accident repairs covered up that I insisted that accident reports be filed before repairs were started.

On truck B 2342 mentioned by Mr. Steele in his affidavit, this is an old junk truck owned by the United States Government and transferred to the Wolf Creek Project from some other point. After examination I found repairs of approximately \$187.50 would be necessary, and I held up the repair work until the cost was authorized by Lieut. Fisher.

(Signed) L. E. PIRTLE.

Sworn to and subscribed to before me at Jackson, Tenn., Dec. 12, 1941.

H. G. ROBINSON, *Investigator*,
Special Senate Committee Investigating the National Defense Program,
U. S. Senate.

AFFIDAVIT No. 38

[In connection with this affidavit see Affidavit No. 34-A on p. 3453.]

STATE OF TENNESSEE,
County of Carroll.

Personally appeared before me, the undersigned Notary Public in and for the said State and County, Wallace B. Weatherly, who being duly sworn deposes and says:

My name is Wallace B. Weatherly; my age is twenty-six (26). I am Night Foreman at the Light Equipment Garage and have been so employed since April 19, 1941. At the present time I have charge of all mechanics and mechanic helpers from 8:00 P. M. until 6:30 A. M. From the time I started work in April up until approximately a month ago, my shift was from 4:00 P. M. until 12:00 Midnight.

Mr. L. E. Pirtle is a Government Inspector for the Construction Quartermaster. As I understand it, Mr. Pirtle is supposed to inspect the parts which we put on the equipment at the Light Equipment Garage.

I understand that Mr. Pirtle testified at the Hearing in Memphis on November 18, 1941, that he made a surprise visit to the Light Equipment Garage about 8:30 one night and found some of my employees sitting in their cars listening to their radios instead of working. I remember this incident very well, and at the time Mr. Pirtle came to the shop, it was lunch time for the employees who worked my shift. We are allowed thirty minutes to eat lunch, and the time is between 8:00 P. M. and 8:30 P. M. It was at this time that Mr. Pirtle came to the garage. I was eating lunch myself, and when I got through, Mr. Pirtle asked me where all of the employees were and I told him they were eating lunch. It is true that the men were sitting in their own private cars and listening to their radios, but as stated above, it was lunch time and they were eating lunch and there was nowhere else for them to go. The cars were all within a short distance of the garage. That is all Mr. Pirtle said to me about the matter.

WALLACE B. WEATHERLY,

Subscribed and sworn to before me this 21 day of November, 1941.

[SEAL]

WINFRED H. LANCASTER, *Notary Public*,

My Commission Expires: July 10, 1945.

Registered as a Notary Public in Henderson, Carroll, and Gibson Counties, Tenn., as provided by Chap. 193, Public Acts of Tennessee 1935.

AFFIDAVIT No. 39

[In connection with this affidavit see Affidavit No. 34-A on p. 3453.]

MILAN, TENNESSEE, *November 24, 1941.*

STATE OF TENNESSEE,
County of Carroll

Personally appeared before me, Winfred H. Lancaster, Notary Public, Waymon H. Maxwell, who being duly sworn deposed as follows:

I further understand that Mr. Pirtle testified at the hearing on November 18, 1941, in Memphis, Tennessee, that on September 10, 1941, we had 187 employees at the Light Equipment Garage. About that date was the high peak of the employment in my garage. This 187 men included everybody from me on down to the wash boys. After this the number of employees that I have had in the garage have steadily decreased. Mr. Pirtle picked out the high day for the number of employees in my department when he picked out September 10, 1941.

W. H. MAXWELL.

Sworn to and subscribed before me this 24th day of November, 1941.

[SEAL]

WINFRED H. LANCASTER, *Notary Public*.

Registered as a Notary Public in Henderson, Carroll, and Gibson Counties, Tenn., as provided by Chap. 193, Public Acts of Tennessee 1935.

My Commission Expires July 10th, 1945.

AFFIDAVIT No. 40

[In connection with this affidavit see Affidavit No. 40-A on p. 3467.]

STATE OF TENNESSEE,
County of Carroll.

Personally appeared before me, the undersigned Notary Public in and for the said State and County, William C. Davis, who being duly sworn, deposes and says:

My name is William C. Davis. At the present time I am employed by the Ferguson-Oman Company, and I have charge of one shift which operates the wash rack at the Light Equipment Garage on the Wolf Creek Ordnance Plant and the Milan Ordnance Depot. I work under Mr. W. H. Maxwell. I have held this position since June 11, 1941. From the time I started work with the Ferguson-Oman Company on June 11, 1941, up until October 14, 1941, my shift was from 4:00 P. M. until 12:00 Midnight. On October 14, 1941, one shift was cut out and two ten-hour shifts were put into effect. Since that time my shift has worked from 1:30 P. M. until 12:00 Midnight. I have charge of approxi-

mately eight employees on the wash rack. While the eight-hour shift was in effect, we were permitted thirty minutes for lunch and my employees were required to clean up the Light Equipment Garage each day, which consumed an average of approximately one hour for each employee. This left only six and one-half hours for each employee to spend on the wash rack. Since the ten-hour shift went into effect, the wash rack employees are not required to clean up the garage.

On April 14, 1941, I started working for the CQM at the Milan projects. My employment with the CQM was terminated on May 31, 1941. While I was employed by the CQM on the Milan projects, I held the same position as Mr. L. E. Pirtle. He worked the shift from 8:00 A. M. to 4:00 P. M., and I worked the shift from 4:00 P. M. until 12:00 Midnight.

I understand that Mr. L. E. Pirtle, in his testimony at the hearing in Memphis, Tennessee, on November 18, 1941, made the statement that a certain vehicle was kept on the wash rack at the Milan projects for a period of two hours on June 21, 1941. As the records will show, June 21, 1941, was on Saturday. The contract between the labor unions and the Ferguson-Oman Company requires that we pay double time for labor on Saturdays and Sundays, and the "Daily Shop Report of Labor and Material" would show the time consumed was two hours. This method of figuring time is regular and customary, and is done in order to facilitate the figuring of time on double time days, the method being that on double time days, the time is shown as two hours at straight time instead of being figured as one hour at the rate doubled. As a matter of fact, the actual time required was only one hour, and the Government only paid for one hour, but at double time.

The work at the wash rack on the Milan projects has been carried on efficiently and to the best interest of the Government. I have kept a record of every vehicle which my men have washed, and this record reveals that beginning June 11, 1941, up to and including November 20, 1941, my shift of men under me has averaged approximately fifty-nine and one-half (59½) units per day, or one unit each nine (9) minutes, or a grand total of seven thousand three hundred twenty-five (7,325) units. This covers a period of one hundred thirty-nine (139) working days.

WILLIAM C. DAVIS.

Subscribed and sworn to before me this 24 day of November, 1941.

[SEAL]

WINFRED H. LANCASTER, *Notary Public*.

My commission expires: July 10th, 1945.

Registered as a Notary Public in Henderson, Carroll and Gibson Counties, Tenn., as provided by Chap. 193, Public Acts of Tennessee, 1935.

AFFIDAVIT No. 40-A

I, L. E. Pirtle, having been sworn previously in this proceeding make the following statement in further support of my testimony to Mr. H. G. Robinson, knowing him to be an Investigator of the Special Senate Committee investigating the National Defense Program.

With respect to the affidavit of William C. Davis it can be noted that the details outlined only emphasize the fact that government employees were hired at higher rates of pay by the Ferguson-Oman Company. As Mr. Davis outlines, he was employed by the government in a capacity similar to mine from April 14th to June 11th when he went to work for the contractor. Mr. Davis in setting forth the fact that double time was paid for washing cars on June 21st loses sight of the fact that washing an automobile does not by any stretch of the imagination constitute emergency work such as would justify the payment of double time wages. Proper planning would have enabled the wash rack crew to perform all necessary washing during those days when straight time was paid.

(Signed) L. E. PIRTLE.

Sworn to and subscribed to before me at Jackson Tenn. Dec. 12, 1941.

H. G. ROBINSON,

*Investigator, Special Senate Committee
Investigating the National Defense Program,
United States Senate.*

NOTE.—Personnel records of the Ferguson-Oman Company indicate the following: William C. Davis was sent to Mr. Baur on June 10, 1941 by Local 369 and was employed on June 11, 1941, at the request of Mr. W. H. Maxwell, as a mechanic's helper in the light equipment garage, being reclassified on July 6 to a position as labor straw boss at \$1.00 an hour.

AFFIDAVIT No. 41

[In connection with this affidavit see Affidavits Nos. 41-A and 41-B on pp. 3468, 3469]

STATE OF TENNESSEE,
County of Carroll.

Personally appeared before me, Winifred H. Lancaster, Notary Public, for said State and County, the undersigned N. S. Barger, who after being duly sworn, deposed as follows:

About a month and one-half ago a man by the name of L. E. Pirtle came to the grease rack in a pick-up truck #B-2275 to have his truck greased and serviced. I was at the grease rack at the time and waited on him, as well as four others. L. E. Pirtle stated that he wanted his pick-up serviced good, and further stated that if I got a God damn bit of grease on it that he would give me a write up in two papers, and "God damn it, I mean it".

Several men were present at the time and hear Mr. Pirtle make this statement to me.

N. S. BARGER.

Sworn to and subscribed before me this 21st day of November, 1941.

[SEAL]

WINFRED H. LANCASTER, *Notary Public*.

My Commission expires: July 10, 1945.

Registered as a Notary Public in Henderson, Carroll, and Gibson Counties, Tenn., as provided by Chap. 193, Public Acts of Tennessee 1935.

AFFIDAVIT No. 41-A

I, L. E. Pirtle, having been sworn previously in this proceeding make the following statement in further support of my testimony to Mr. H. G. Robinson, knowing him to be an Investigator of the Special Senate Committee investigating the National Defense Program.

Since the outset of the project, the men on the grease rack have used a #40 oil in servicing new equipment. Upon trying to analyze the cause for some of the equipment breaking down, burning up with scored pistons, etc., I discovered this situation. I checked the Warehouse and found #10, #20, #30 and #40 oil but no #10 oil had ever been used and only #30 and #40 oil was available on the Grease Rack. This was soon changed and now there is no #40 oil on these Grease Racks.

N. S. Barger, who works on one of these Grease Racks, and whose affidavit I have read, is partly correct insofar as servicing the truck assigned to me is concerned. I was aware of the poor servicing other cars received in the Grease Rack, such as heavy oil, etc., despite my efforts to correct the situation and I wanted to make sure that at least the car assigned to me personally was properly greased. I admit I was very emphatic on the point.

The rest of the statement concerning a "writeup in two papers" is deliberately false.

(Signed) L. E. PIRTLE.

Sworn to and subscribed to before me at Jackson, Tenn. December 12, 1941

H. G. ROBINSON,
Investigator, Special Senate Committee,
Investigating the National Defense Program,
U. S. Senate.

AFFIDAVIT No. 41-B

I, N. S. Barger, make the following voluntary statement to H. G. Robinson, knowing him to be the Investigator of the Special Senate Committee Investigating the National Defense Program.

On November 21, 1941, I signed an affidavit concerning L. E. Pirtle. Mr. Pirtle is a distant relative of mine, and it was through his efforts that I obtained a job on the Wolf Creek Project. The incident mentioned in my affidavit happened last summer (not a month and a half ago). I knew there had been some complaints made by some of the officials that grease was being spilled on the fenders and other parts of their cars, and I also knew that when Mr. Pirtle made this remark, it was this condition that he had reference to. However, there were other workers present, and to have Mr. Pirtle reprimand me in front of the other workers made me angry at the moment; and immediately after Mr. Pirtle left, Mr. Martin, my Foreman, came over and asked me what the discussion was all about. When I told him, he prepared a written statement which I then signed.

I heard no more of the incident until I was called upon on November 21, 1941, to sign the affidavit, which set out the text of the conversation previously reported by Mr. Martin. I could not at this time deny the conversation had taken place, so I signed the affidavit, even though the original memorandum was written because I was angry with Mr. Pirtle at that time. Mr. Pirtle in speaking to me at that time, had said that if I did not properly grease his truck he would give me a "two page write up" which I took to mean that he would submit a memorandum to the officials two pages long. He never at any time said anything about "papers" but upon examining my affidavit, I find that Mr. Pirtle was alleged to have said that he "would write me up in two papers." This is not true, and is not the text of the conversation originally reported by me, but I did not notice the wording in the affidavit when I signed it.

I have never known Mr. Pirtle to conduct himself in any other manner than to try to take care of the automobiles on the project with as much interest as though they were his own rather than the Government's.

I have seen many individuals on the project who did not take an interest in their job, and seemed only to be waiting for pay day, but I am sure that if every body had the interest of their job at heart, such as Mr. Pirtle and myself, the project could have been built at considerably less expense.

(Signed) N. S. BARGER.

Sworn to and subscribed to before me at Jackson, Tenn. Dec. 12, 1941.

H. G. ROBINSON,
*Investigator, Special Senate Committee
Investigating the National Defense Program,
United States Senate.*

AFFIDAVIT No. 42

[In connection with this affidavit see Affidavit No. 42-A on p. 3472]

STATE OF TENNESSEE,
County Carroll.

Personally appeared before me, the undersigned Notary Public, in and for said State and County, Joe E. McElyea, who being duly sworn deposed as follows:

My name is Joe E. McElyea. I am thirty-two years of age. My home is at Mt. Pleasant, Tennessee, but I am now living at Milan, Tennessee. I am employed and have been so employed since March 1, 1941, as General Foreman of the Light Equipment Garage of the Transportation Department of the Wolf Creek Ordnance Plant and the Milan Ordnance Depot by the Ferguson-Oman Company.

I understand that Mr. Lewis E. Pirtle, who is the Tool Inspector at the Plant, testified in the hearing at Memphis, Tenn., on November 18, 1941, that the Garage Assistant Superintendent, which was my job back in June of 1941, testified that I refused to let him see a Shop Card on Monday, June 16, 1941. The true facts are as follows:

I first want to state that I have never at any time refused to let Mr. Pirtle look at any record of which I had custody or any other record in connection with the Light Equipment Garage which he wanted to see. All of the records in the Light Equipment Garage are kept in numerical or alphabetical order and at the time Mr. Pirtle asked me for the particular record on June 16, 1941, I was the

only one in the Shop Office who could have found it for him. I was terribly busy and for this reason asked him if it was compulsory for him to have it immediately and told him if it was not, as soon as someone came to the office to help me, I would be glad to get it for him. He stated that his need for the record was not compulsory or immediate and that it was quite all right for me to wait to get the record for him. When I got relieved I got the record out and upon his return about three hours later to the Garage, I went over this particular record in detail with him. About two weeks after September 16, 1941, Major Brewer called and requested me to get John Taylor, the Superintendent of Transportation and W. H. Maxwell, the Superintendent of the Light Equipment Garage, and to be in his office within thirty minutes. This I did and when John Taylor, W. H. Maxwell and I arrived, I found L. E. Pirtle, Mr. Bouck, Captain Carlton, Major Atkins and Captain Kibler already there. I had no idea what Major Brewer wanted with me, Taylor and Maxwell before the meeting started. Major Brewer called the roll of all in attendance.

Major Brewer then explained that the meeting had been called because L. E. Pirtle had reported to Major Brewer that I had refused on June 16, 1941 to give him a record at the Light Equipment Garage which he wanted. He then turned to Pirtle and asked Pirtle to explain why the record was refused. Pirtle said that when he asked for the record that I refused to give it to him on the grounds that Mr. Maxwell, the Superintendent of the Garage, had instructed me not to show the Shop records to anybody without his approval. Mr. Maxwell has never given me any such instructions and I so stated at this meeting.

I then proceeded to explain to Major Brewer and others at this meeting exactly what happened when Mr. Pirtle requested this record which I have set out above in this my affidavit. Major Brewer then said "I cannot see anything wrong in that and from now on when a Government employee wants any kind of record, regardless of what type, from the Light Equipment Garage, have them identify themselves and sign for them".

Mr. Bouck at this meeting made the statement that the Light Equipment Garage and everybody connected with it had fully cooperated.

A few days after this meeting Mr. Pirtle came to my office and I wanted his approval regarding some repairable units which were at the garage and on which we could not proceed to work without his approval. Mr. Pirtle said "You seem to be able to find out most anything you wish to know now damn it find this out", and for several weeks after this he refused to consult with Mr. Maxwell or me on anything.

A short while after the meeting in Major Brewer's office a call came to the Garage Office for Mr. Pirtle, while I was present, from Mr. Bob Mills of the Mills-Morris Company of Memphis. I answered the telephone and called Mr. Pirtle to the 'phone. Prior to this telephone call we had in the garage two motors which had to have the blocks rebored. We had been using, with Mr. Pirtle's approval, the Chilton Machine Shop of Nashville for reboring of all blocks that required this work with the exception of a few Chevrolet motors which we had rebored by J. B. Cook Company.

Mr. Chilton knew about these two motors as Mr. Maxwell in my presence had called him and told him about them and he had promised to come the following day to get them.

In the telephone conversation between Mr. Mills and Mr. Pirtle, I was standing in the office and overheard Mr. Pirtle say "Bob, you know our motor friend, I have two motors here that R. H. Chilton out of Nashville will pick up tomorrow, but I think it is time for him to make some of this easy money so I am going to send them down to you. Now Chilton's price is \$62.50 for each motor block on this job so be sure to make this a few cents cheaper so there won't be a squabble with the Accounting Department or anyone else concerned.

I asked Mr. Pirtle after this conversation why he did this when he knew that Mr. Chilton was coming the next day for the motors. He said "I can send these motors to who ever I damn please". He went on and sent these motors to Mills-Morris and the two units, the motor blocks which were tied up for five days whereas if we had given them to Mr. Chilton for servicing, on his past performance, we would have gotten them back within three days. When the invoice was received on these two motors from the Mills-Morris Company, the invoice was 10¢ less on each block than the Chilton Company, or an even \$62.40 each, which, plus the two days delay over what Chilton usually did the work in, made the job cost considerably more than it would have been if Chilton had done the work.

About the time that cold weather set in Mr. John Taylor ordered \$13,000.00 worth of Prestone to be used in servicing the light equipment with Anti-freeze. When the Prestone arrived Mr. Pirtle insisted on supervising the placing of the Prestone in the various pieces of automotive equipment. We put Prestone in some of the equipment and Mr. Pirtle then insisted that he wanted to put it in all the other equipment at once even though the weather was still warm and had not turned cold enough to require Prestone for some time. He stated that he wanted to put the Prestone in all the other equipment on the following Sunday, October 19, 1941, and that he wanted me to have at least fifty mechanics and helpers, or as many as possible, at the Garage on Sunday, October 19, 1941, to service the equipment with Prestone. I told him that I thought we could service all the rest of the equipment during the following week by servicing a certain number of the equipment on each day and that we could be sure to get all the equipment by leaving word with the men working on the Grease Racks and the Gas Pumps to send every piece of equipment which had not been serviced and tagged with a green label down to the garage before they were serviced for gas and grease. He told me "I started this and I think I can manage it satisfactorily."

Captain Kibler found out in some way, not through me, that Mr. Pirtle had given me instructions to have fifty or more mechanics and helpers and be on hand at the Garage on Sunday, October 19, 1941, suggested by Mr. Pirtle for putting the Prestone in the equipment and he called Mr. John Taylor and instructed him not to follow Mr. Pirtle's instructions. Mr. John Taylor immediately called me and told me of Captain Kibler's orders.

On Saturday previous to the Sunday selected by Mr. Pirtle for servicing the equipment with Prestone, Mr. Pirtle told me, "I don't know who instigated this but if they want it that way then they can work any way they damn please, I don't care if every unit on this project freezes and bursts", and with that he got in his car and told me he was going home.

I understand that Mr. Pirtle testified in the hearing in Memphis on November 18, 1941, that on September 10, 1941, we had 187 men employed by the Light Equipment Garage. This is about right. This was at the peak of the work which the Garage was required to do and on that particular date we had 21 units grounded for needed repairs but every man we had on that date was busy all the time. These 187 men included not only the mechanics and their helpers but also all of the office, Mr. Maxwell and me, the stock room employees and all other employees at the Light Equipment Garage.

At no time since I have been employed at the Light Equipment Garage have we ever had any more employees than were necessary and all of the employees have been kept busy all of the time that they were on the payroll.

As the peak of our work began to decline we employed only enough employees to do the work that actually had to be done and it has declined steadily since the middle or last part of September.

I understand that Mr. Pirtle testified at the hearing at Memphis on November 18, 1941, that he picked at random from a hat a certain day to check up on the work done at the garage, which was June 21, 1941. I remember he further testified that the payroll for that day at the Garage was \$1300.00 for three hundred vehicles on which work was done. It so happens however that June 21, 1941, was on a Saturday and under the Union Rules in existence on that date we had to pay double time. If he had picked a card of any other day except Saturday or Sunday during this week the cost of the wages would have been just one-half this amount.

I understand that Mr. Pirtle at the hearing on November 18, 1941, claimed that on June 21, 1941, it took one of our grease men one hour to put five quarts of oil in a piece of the equipment. I know about this. There were two men on this particular job. It was necessary for them to drive the equipment upon the grease rack to unscrew the cocks and drain the oil, to flush the oil case out and let it drain and then to fill the motor with oil. In addition, on every change of oil, which this instance was, the grease men are required to check for missing Zerk fittings, oil bath, and all other needed accessories. This particular unit did not require a grease job but it was checked thoroughly. I know this. It was on Saturday when we had to pay double time and as a matter of actual fact two men who were working on this equipment worked on it fifteen minutes each making a total time of thirty minutes and we had to pay them double time making the rate of pay one hour.

I understand that Mr. Pirtle testified at the hearing on November 18, 1941, that on June 21, 1941, it took four and one-half hours to repair a tire. I know about this, for while the Tire Department is a separate Department, at that particular date was under my Department's supervision. This work was done on Saturday which was why double time was paid and the four and one-half hours testified to by Mr. Pirtle from our records meant actually two hours and fifteen minutes at double pay. When a tire is damaged or goes flat on the job a call at that time was made to the Garage and the party fixing the tire time started from the minute he left the Garage to go and get the flat tire and then he had to bring it back to the Garage and repair and then had to take the tire back to the equipment and put it back on the equipment. All of this time was charged against repairing this tire and the number of hours testified to by Mr. Pirtle should be divided in half to reach the actual time it took to repair the tire.

I understand that Mr. Pirtle testified at the hearing on November 18, 1941, that we put new valves in motors when the old valves only needed refacing and reseating and that we put new spark plugs in the equipment when they were not needed. I know from having heard the conversations that Mr. Pirtle has insisted on Mr. Maxwell refacing and reseating valves when from looking at them myself I could tell they were so worn that they could not be satisfactorily fixed in this way and that with the employees' time for refacing and reseating of the valves and the cost of all of this would have been far more than the use of new valves and without new valves the equipment would not have given its maximum service.

I also know of my own knowledge that spark plugs are cleaned by our Garage on the cleaning machine whenever we have the necessary sand for doing this and when the spark plugs after being cleaned will give proper service. I know however that Mr. Maxwell, in my presence, has requested Mr. Pirtle time and again to order the necessary sand for operating the spark plug cleaning machine, which he has consistently refused to do. I have heard him say that he wasn't going to O. K. orders for sand for we had already used too damn much sand.

I also know that if Mr. Pirtle did not insist on it that it is cheaper when spark plugs get dirty enough for us to equip the equipment with new spark plugs than to clean them for the cost of the spark plugs to the Garage is approximately eight cents each and the actual time required for mechanics and helpers to properly clean a set of spark plugs would cost more than a new set of spark plugs.

I know that we have been greatly impeded in our work at the Garage by Mr. Pirtle being unavailable to O. K. the repairing of parts and the ordering of parts, and this has been true ever since he has been the Inspector over the Garage.

JOE E. McELYEA.

Sworn to and subscribed before me this 24 day of November, 1941.

[SEAL]

WINFRED H. LANCASTER, *Notary Public*.

Registered as a Notary Public in Henderson, Carroll, and Gibson Counties, Tenn., as provided by Chap. 193, Public Acts of Tennessee 1935.

My Commission Expires July 10th 1945.

AFFIDAVIT No. 42-A

I, L. E. Pirtle, having been sworn previously in this proceeding make the following statement in further support of my testimony to Mr. H. G. Robinson, knowing him to be an Investigator of the Special Senate Committee investigating the National Defense Program.

In the affidavit of Joe E. McElyea, a few details are missing which I would like to supply. I had been asked by Captain Kibler, Executive Officer, to obtain the record which I asked Mr. McElyea for, and failing in obtaining it, I reported to Mr. Bouck, my superior, who instructed me to advise Captain Kibler of Mr. McElyea's refusal. Captain Kibler then went for the record himself. The conference held in Major Brewer's office thereafter and his instructions to the Light Equipment Garage men to give Government employee's any record they requested would indicate that this practice had not been followed up to this time.

As to my alleged telephone conversation with Bob Mills, of the Mills Morris Co., the version set forth by Mr. McElyea is not quite correct inasmuch as Mr. Mills was actually in the garage. Upon my request he called Mr. Meadows of his firm and told him to call me back on Extension 77, with a bid, and then Mr. Mills

went over to the Purchasing Department of Ferguson-Oman Company. Mr. Meadows called back and quoted \$62.00 or .50¢ cheaper than Chilton Machine Shop, who had been delaying in the performance of work sent to them, and inasmuch as these were "stock" blocks not belonging to any unit there couldn't possibly be any delay in my sending them to Mills Morris Co. on the basis of the low bid. Mr. Mills being still on the project placed them in the back of his car and took them with him.

In servicing cars with Prestone it should be done when equipment is idle and workers dependent on it will not be handicapped. Some items when held up would effect a crew of eight or ten men. With the necessity of draining, flushing, new fittings, etc, the time involved in the aggregate on several hundred pieces of equipment is great. The further danger of a sudden drop in temperature tying up the equipment on the job hopelessly with the loss of time to the workers, expense of cracked blocks, etc, presented a gamble which I fully discussed with Mr. John Taylor and Wallace Faulk of the Ferguson-Oman Co., and Mr. Faulk took the matter up with Captain Stenger. They agreed with me that the most advisable thing to do would be to pay twenty-seven men and twenty-seven helpers to work on Sunday to service about 400 pieces of equipment. This idea was over-ruled by Captain Kibler, and it has since taken three or four weeks to service the equipment. I was not caught acting without authority, or without the knowledge of Mr. John Taylor as the affidavit infers, and I wonder if the weather had not remained unusually mild whether the affidavit would have credited me with exercising sound judgment in the matter.

As to insisting on spark plugs being cleaned instead of being replaced, it is my contention that new equipment with less than 1000 miles on it does not need new spark plugs, and in an effort to avoid cleaning them the mechanics would foul up the cleaner so it wouldn't work. Instead of using a handful of sand in the cleaner they would put a couple of quarts in so that it would clog up. That is the reason I refused to order more sand because they had a six months supply in the cleaner at the time.

I insist that the "mechanics" in the garage were not deserving of that name and were in reality "replacement men". They don't know how to put on an air hose on the jets of a carburator and clean it but would rather replace it. The same with valves which should have been refaced instead of replaced. I can easily prove this point by examining the salvage yard where numerous parts are now and which are still almost as good as new, having been replaced without my knowledge.

(Signed) L. E. PIRTLE.

Sworn to and subscribed to before me at Jackson, Tenn., Dec. 12, 1941.

H. G. ROBINSON,
*Investigator, Special Senate Committee
Investigating the National Defense Program,
United States Senate.*

WAR DEPARTMENT,
WOLF CREEK ORDNANCE PLANT,
Milan, Tennessee, June 16, 1941.

QM 333

Memorandum

Subject: Refusal to Submit Records for Government Inspection.
To: T. D. Thomas, Field Auditor.

1. At about 10:30 o'clock, June 16, 1941, Captain Kibler asked Mr. Pirtle, Government Inspector working under the direction of the Equipment and Tool Section, Field Audit, to obtain certain specific information on Dodge Car, USWC No. 2140.
2. Request was made to Joe McElyea, Assistant Superintendent in charge of records of the privilege of inspecting the records for the desired information for Captain Kibler.
3. Request to inspect records was denied. Mr. McElyea stating that he had been instructed by Mr. Maxwell, garage superintendent, to allow access to the records to no one.

ANTHONY W. BOUCK,
Chief Equipment and Tool Inspector.

AFFIDAVIT No. 43

[In connection with this affidavit see Affidavit No. 43-A on p. 3475.]

STATE OF TENNESSEE,

County of Carroll.

Personally appeared before me, the undersigned authority, in said State and County, Homer E. Yeargin, who being first duly sworn, deposed as follows:

My name is Homer E. Yeargin. I am thirty-five years of age and at the present time I live in Milan, Tennessee. I am an automobile mechanic by trade and have followed this trade for the past fifteen years. During this time I have been employed in many garages, including the County Highway Garage at Nashville, and for some time attended to all of the mechanical work on the fleet of trucks for the Modern Bakery and operated a mechanical shop of my own.

On May 28, 1941, I was employed by the Ferguson-Oman Company as a mechanic in their Light Equipment Garage and have been continuously so employed since that time.

While so employed a Mr. L. E. Pirtle was working as a Parts Inspector for the Quarter Master Corps for light equipment. I work under Mr. W. B. Weatherly, Foreman of the shop. Although Mr. Pirtle's job as parts inspector covered only the purchase of parts, he was continually interfering with my work in the garage and at times did considerable cursing.

Among other times I can remember, Mr. Pirtle came to me one day when I was overhauling a steering on a Chevrolet Pickup truck. The date of this job was June 20, 1941, and the Equipment No. 2259. These jobs came to us mechanics with a card on them which indicates the operation or trouble that is being experienced with the equipment. Mr. Pirtle looked at the card and very sarcastically said, "Overhauling steering" and snatched the card off the truck. He said, "How in the God Damn Hell do you know it needs overhauling". I did not say anything but just stood there and he turned to a man that was with him and made the remark "By God, we ought to look into these things". He said, "Who in the Hell told you to overhaul the steering." I told him to see my Foreman. He said something else and was still cursing to the gentleman with him and walked off. He did not take time to look at the equipment or test the steering wheel to see what it needed. The Foreman walked up and I told him of Mr. Pirtle's conversation. I completed taking the steering gear down and as I could tell from handling the steering gear, it developed that the steering gear was ground up and needed overhauling very bad, which Mr. Pirtle could have told if he had handled the steering gear or checked the job. Mr. Pirtle went off but Mr. W. H. Maxwell, the Superintendent of the garage, looked for Mr. Pirtle and could not find him and brought the man who had been with Mr. Pirtle and showed him the ground-up bearings from the Steering system.

On another occasion I can remember I was re-ringing a Chevrolet motor in the garage, and I was doing what every good mechanic does—that is, cutting the ridge out of the cylinder. In my experience and as far as I know, in all good shops this is always done. Otherwise the placing of new rings in a motor will not give satisfaction. While I was doing this Mr. Pirtle came up and said, "What in the God Damn Hell are you doing." I told him I was cutting the ridge out of the cylinder. He said, "there isn't a damn bit of use in that. I have never done that in all my life and never have heard of it before". He went on talking about it and I told him the reason he possibly had never done it was because he had never done any ring jobs. I knew this was due to his inexperience because he had only operated a small shop before around Milan, Tenn. He went off and I went to my Foreman and asked him what to do and I was told to do my job. I also told Mr. Pirtle to please go to the Foreman on such matters as it was very confusing to me and I did not know what to do.

Another time Mr. Pirtle came up and put his hand in a cylinder block, cursed and said, "This is the roughest cylinder he had ever seen and if he had been there before the job was done he wouldn't have let the sleeve been put in". It was very strange to me that Mr. Pirtle didn't know from examining the job that he was feeling the rough wall of the cylinder and that the sleeves were still sitting on the bench and had not been installed which I think any mechanic would have known. I showed him the sleeves and he walked off after looking rather embarrassed at his remark and error.

My attention has been called to the testimony of Mr. Pirtle and others before the Senate Committee with reference to repairs at the Light Equipment Garage. I wish to state that I have never done or seen done in the garage any operation or

repair to any equipment that was not absolutely necessary in order to keep the equipment operating. This work was done as efficiently as I have ever done any when I was in business for myself, or have ever seen done in any first-class garage; the only delay caused was by reason of Mr. Pirtle complaining about jobs and operations of which he seemed to know very little.

My attention has further been called to the testimony of Mr. Pirtle to the effect that on one night he came to the shop and found all of us mechanics in our automobiles not working, but listening to radios in our private cars. I remember this occasion, and as a matter of fact we were eating our supper in the thirty minutes allotted to us, and very likely a number of the men were sitting in their cars while eating their supper. On this occasion, Mr. Pirtle came up and went inside and made a complaint to some of our men that we were not working. We never took more than the thirty minutes allotted to us for the purpose of eating supper, and during the time I worked in the shop, the mechanics have attended to their business and work at all times except for the time given them in which to eat their meals.

HOMER E. YEARGIN.

Subscribed and sworn to before me this 22nd day of November, 1941.

[SEAL]

WINFRED H. LANCASTER, *Notary Public*.

Registered as a Notary Public in Henderson, Carroll, and Gibson Counties, Tenn., as provided by Chap. 193, Public Acts of Tennessee, 1935.

My commission expires July 10, 1945.

AFFIDAVIT No. 43-A

I, L. E. Pirtle, having been sworn previously in this proceeding make the following statement in further support of my testimony to Mr. H. G. Robinson, knowing him to be an Investigator of the Special Senate Committee Investigating the National Defense Program.

With respect to the affidavit of Homer E. Yeargin his remarkable memory in recalling a Chevrolet job he worked on June 20 even to the date and the text of the conversation, and also another Chevrolet ring job seems all the more remarkable when I cannot recall the man himself, or having ever spoken to him.

Reference is made to Mr. Yeargin's affidavit wherein he states he worked under W. B. Weatherly, Foreman, and also to the point where he states he was in the garage at 8:00 P. M. on September 19, when I made a surprise visit to the garage. Reference is further made to the affidavit of W. B. Weatherly, wherein he states he was the Foreman in charge of the shift from 8:00 P. M. to 6:30 A. M. I had nothing whatever to do with the men on the shift and had no contact with them except for my visit on September 19. It can readily be seen that Mr. Yeargin has attempted to belittle my mechanical knowledge by outlining incidents which did not happen but were impossible due to the difference in time of our hours of duty, and I could not have "continually interfered" with his work when my hours of duty are from 8:00 A. M. to 5:00 P. M.

(Signed) L. E. PIRTLE.

Sworn to and subscribed to before me at Jackson, Tenn., December 12, 1941.

H. G. ROBINSON,
Investigator, Special Senate Committee
Investigating the National Defense Program,
United States Senate.

AFFIDAVIT No. 44

[In connection with this affidavit see Affidavits Nos. 44-A and 44-B on p. 3476.]

MILAN, TENNESSEE, November 21, 1941.

STATE OF TENNESSEE,
County of Gibson.

Personally appeared before me, M. Blankinship, Notary Public, for said State and County, the undersigned, John Hargrove, who after being duly sworn; deposed as follows:

On about the 10th of February, 1941, I had a conversation with one, L. E. Pirtle, at his, the said, L. E. Pirtle, filling station at Milan, Tennessee, about the

Defense Project, the Wolf Creek Ordnance Plant. During his conversation he, the said, L. E. Pirtle, stated that the damn thing was taking all of his business away from him in overhauling and in the maintenance of farm tractors. He further stated that he did not know what in the hell he was going to do. I ask him if he could not get him a job out there since they were taking all of his business away from him. He stated that the best thing that could happen would be for the damn Defense Project to blow up.

[SEAL] JOHN HARGROVE.

Sworn to and subscribed to before me this 21st day of November, 1941.
M. BLANKINSHIP, *Notary Public.*
My commission expires April 14, 1945.

AFFIDAVIT No. 44-A

I, L. E. Pirtle, having been sworn previously in this proceeding make the following statement in further support of my testimony to Mr. H. G. Robinson, knowing him to be an Investigator of the Special Senate Committee investigating the National Defense Program.

I formerly operated a filling station and garage at Milan, Tennessee and handled the service work for the International Harvester Company in this area. This work added to my automobile repair business the work of servicing a large number of farm tractors in and around Milan. After the project opened and the Government took over large portions of farm land it seriously effected the tractor repair part of my business. The affidavit of John Hargrove outlining this fact is true except for the last part as follows "He stated the best thing that could happen would be for the dam Defense Project to blow up". Such a remark was never made by me and I had never harbored such a thought and such a claim by Hargrove is a deliberate and malicious untruth. The only conversation I remember having with Hargrove is in connection with his operation of a shovel on the project wherein he told me he had sat around in his good clothes for three (3) weeks with nothing to do and the shovel did not work during this time. He is now a locomotive engineer for Ferguson-Oman Company.

(Signed) L. E. PIRTLE.

Sworn to and subscribed to before me at Jackson, Tenn., Dec. 12, 1941.
H. G. ROBINSON,
Investigator, Special Senate Committee
Investigating the National Defense Program,
United States Senate.

AFFIDAVIT No. 44-B

I, L. E. Pirtle, having been sworn previously in this proceeding make the following statement in further support of my testimony to Mr. H. G. Robinson knowing him to be an Investigator of the Special Senate Committee investigating the National Defense Program.

As an illustration of the purchase of unnecessary parts by the contractor in the Light Equipment Garage I refer to requisition of the Ferguson-Oman Company dated August 20, 1941 #30003 MOD. This requisition was to cover the equipment necessary to set up a temporary service unit at the Milan Ordnance Depot in order to avoid the necessity of cars and trucks driving all the way back to the Wolf Creek project to get service. In view of the activity being transferred to the depot this idea was sound.

I received a call from Lt. Bruce when this requisition came through and went over it with him and the following tabulation sets out my estimate of the cost of the following items and the reason I questioned the need for them.

Item No.	Quantity	Description	Unit price
GREASING EQUIPMENT			
1	1	6702B- 400# Volumn Barrel Pump	\$195.00
2	3	G52752 Swivel	3.85
3	3	G300292 Hose-20Ft. Length	16.50
4	3	6320A Pistol Grip Controll Valve.....	9.00
5	2	7113 High Pressure Barrel Pump with Hose and Meter.....	135.00

Item No.	Quantity	Description	Unit price
GREASING EQUIPMENT—continued			
6	1	6515 Universal Power Gun with #6909 X Hose.....	\$160.00
8	12	6304 Nozzel.....	1.00
9	6	6301 Nozzel.....	1.00
10	6	Drain Plug Wrench.....	
11	2	Jacks (H. D. Hydraulic) 4 Ton.....	65.00
12	30	Jacks (Rigid) Walker #793.....	
13	1	Electric Drill— $\frac{1}{4}$ ".....	35.00
14	1	Electric Drill— $\frac{7}{8}$ H. D.....	75.00
15	1	Bench Grinder.....	
16	6	Vises— $4\frac{1}{2}$ ".....	
17	1	Tap & Die Set $\frac{1}{4}$ "— $\frac{5}{16}$ "— $\frac{3}{8}$ "— $\frac{7}{16}$ "— $\frac{1}{2}$ "—SAE & USS.....	37.50
18	1	8" Stilson Wrench.....	
19	1	18" Stilson Wrench.....	
20	1	24" Stilson Wrench.....	3.00
21	2	Hy. Duty Socket Set.....	30.00
22	2	Soldering Iron.....	
23	2	Blow Torch—1 QT. Capacity.....	
24	2	Hub Puller (Hunts #99).....	
25	6	Rim Wrenches— $\frac{3}{4}$ "— $\frac{5}{8}$ "— $1\frac{1}{16}$ "— $\frac{7}{8}$ ".....	
26	6	Ball Pein Hammers—2#.....	
27	6	Ball Pein Hammers—3#.....	2.00
28	6	Radiator Filler Cans.....	
29	12	Buckets.....	
30	6	Oil Cans (Spout).....	
31	24	Chamois—Garage Size.....	
32	1	Wheel Alining Jig.....	
33	24	Drop Lights (50 ft. Extension).....	1.50
34	6	Creepers.....	
35	12	Rubber Aprons.....	
36	1	Champion Spark Plug Cleaner.....	10.00
37		Welding Equipment (acety.).....	75.00
38	1	Car Washing Machine—29 inch.....	300.00
39	1	Air Compressor Unit.....	
40	6	Air Lines—Complete with Chuck.....	
41	1	Kerrick Klenner (Steam Unit).....	795.00

Item No.

- 1-10. These items duplicate equipment already installed and capable of handling all the cars on the project.
11. There are enough of these items in the Light Equipment Garage to spare sufficient number of them for temporary use.
12. Same as above.
- 13-14. One $\frac{1}{2}$ " drill would answer all needs.
15. No question.
16. No question.
17. On hand at Central Warehouse. Should be drawn from stock.
18. Mechanic's tool. Should be supplied by mechanic.
- 19-20. On hand at Central Warehouse. Should be withdrawn from stock.
21. Only one needed instead of two.
22. No question.
23. On hand at Central Warehouse. Should be withdrawn from stock.
24. No question.
25. No question.
26. Mechanic's tool. Should be supplied by mechanic.
27. On hand at Central Warehouse. Should be withdrawn from stock.
- 28-31. No question.
32. Should be handled with equipment on hand at the Light Equipment Garage.
33. Mechanic's tool. Should be supplied by mechanic.
- 34-35. No question.
36. Not necessary. Equipment at Light Equipment Garage.
37. Not necessary. Three complete outfits at Light Equipment Garage not fully utilized.
38. One complete unit available at Light Equipment Garage not being used.
39. No question.
40. No question.
41. Three complete units at various points on the reservation, only two of which are used and the third unit would be available for this set-up if necessary.

While it is true that these items were not actually purchased it is nevertheless a concrete example of the practice of buying unnecessary parts and equipment without regard to the expense involved or the actual need for the items. It is this type of practice which might account for some of the profanity as set forth repeatedly in the affidavits submitted.

(Signed) L. E. PIRTLE.

Sworn to and subscribed to before me at Jackson Tenn. Dec. 12, 1941.

H. G. ROBINSON,
Investigator, Special Senate Committee Investigating
the National Defense Program,
United States Senate.

The following affidavits are included in the record in connection with the testimony of Joseph F. McCarthy, *supra* pp. 3007-3009, 3012-3028.

AFFIDAVIT No. 46

[In connection with this affidavit see Affidavit No. 46-A below]

STATE OF TENNESSEE,
County of Gibson.

Personally appeared before me, the undersigned authority, Joseph P. Qualey, who being duly sworn deposes as follows:

My name is Joseph P. Qualey. I am at present living at Medina, Tennessee, and I am employed as an accountant for the Ferguson-Oman Company on the Wolf Creek Ordnance Plant job and I have been so employed since February 15, 1941.

I have known Joseph F. McCarthy since 1937. Mr. McCarthy is now Chief Tool and Equipment Inspector on the Wolf Creek Ordnance Plant.

When I first met Mr. McCarthy it was sometime in September, 1937, at which time I was Field Auditor for the New York World's Fair. He was transferred to my department and worked as a timekeeper in my department, in which the time of equipment hired on hourly rates with operators was kept, which involved approximately eighty (80) pieces of equipment, and he made from \$30.00 to \$40.00 per week. I examined his application when he was transferred to my department, and found that he had worked as a clerk at the New York World's Fair at \$25.00 per week prior to his transfer. From February, 1939 to November, 1939 he worked as gate Lieutenant, in charge of the ticket takers at one gate at the New York World's Fair, at \$50.00 per week. I do not know of his whereabouts or occupation from November, 1939, to February, 1940.

I met him in January, 1941, when he was in Washington. This man, as far as I know, and from his application, I remember, had never had previous experience as a tool inspector, but was in Washington and had just been employed as a tool inspector.

He told me that he had worked as a census enumerator for the Government in Nassau County in New York from February to September, 1940, and that he had been unemployed, but had vacationed in Florida from September, 1940, until I saw him in January, 1941.

He was employed as Chief Tool Inspector on a Government Project, and awaited assignment in Washington until February 14th, when he was sent to Spartansburg, South Carolina, and then returned to Washington and was sent to Wolf Creek Ordnance Plant.

I have always been friendly with Mr. McCarthy and have nothing against the man, but I can state from my examination of his application for employment that he did not have previous experience to qualify him to be a tool and equipment inspector. The dates I have given above are approximate.

JOSEPH P. QUALEY.

Sworn to and subscribed before me this 21st day of November, 1941.

[SEAL]

WINFRED H. LANCASTER, *Notary Public.*

Registered as a Notary Public in Henderson and Gibson Counties, Tenn., as provided by Chap. 193, Public Acts of Tennessee 1935.

My Commission Expires July 10th, 1945.

AFFIDAVIT No. 46-A

I, Joseph F. McCarthy, make the following voluntary statement to H. G. Robinson, knowing him to be an Investigator of the Truman Committee of the United States Senate.

I entered the employ of the War Department on February 3, 1941, being assigned to the School of Office Administration at Fort Meyer, Va., and after two weeks duty I was assigned to Camp Croft, Spartansburg, S. C. While at Fort Meyer, Va., I met Joseph Qualey, who I knew and considered a friend, having worked with him at the New York World's Fair. My record at the World's Fair is above reproach although Qualey's record would not stand close scrutiny, both as to the reasons for his termination of employment and his

sobriety on the job. His possible involvement in payroll padding on W. P. A. projects in Westchester County would also form an interesting study.

I had previous training in equipment problems at the New York World's Fair which Mr. Qualey acknowledges in his affidavit, and received additional training at Fort Meyer. I also had the services on the Wolf Creek project of Clifford Jessup and Schley Jones, who are competent equipment men, thoroughly experienced on equipment, and whose judgment I believe to be superior to any equipment man on the Contractors staff. As to my previous employment and salaries, these are set forth in detail on my application with the War Department.

I returned to Fort Meyer from Camp Croft on May 8, and was assigned to the Wolf Creek project on July 3, and replaced A. W. Bouck as Supervising Auditor of Equipment. Upon arrival I was interviewed by Mr. McKoin, Zone Traveling Auditor, who outlined my duties to me and specifically stated that it would be necessary to work hard to get the Tool & Equipment Section "straightened out". My work in this department has been a continuation of those matters more specifically complained of by my predecessor, Mr. Bouck, and in each instance any attempt on my part to continue efforts to correct them has led to friction, due to the arbitrary attitude of the Contractor, and lack of support of military officials. Such a condition has led to a personal feeling against me for attempting to protect the Government's interest, and carry out the duties assigned to me.

After I arrived on the Project, I met Mr. McInerney whom I knew at the World's Fair, and after Qualey had been removed by request at that Project, he was transferred to the hourly payroll under Mr. McInerney on the World's Fair Project. On July 4th, the day after my arrival at Wolf Creek, I met Joe Qualey who was employed by Ferguson-Oman Company, as Chief Time Inspector. He told me that while he was at the School of Administration at Fort Meyer in the employ of the Government he received a telegram from Oscar Miller offering him a job at Wolf Creek at a higher salary.

With reference to my "unauthorized" changing of numbers on equipment I cleared with the Constructing Quartermaster on the advisability of having a system of numbers to key together the various pieces of equipment, and its accessories, that is: a Tractor numbered 104 would have the Power Unit belonging to it numbered 104A, and other accessories would be 104B, 104C, 104D, etc., instead of cross indexing a lot of numbers in order to determine the pieces that went together as a Unit. All components were leased from the same dealer, and rather than make the records confusing from an accounting standpoint, would have clarified them and safe-guarded against paying rent on an accessory already included in the basic rate for the Main Unit. This system, I understand, is advocated by the Government and installed on some projects. This entire issue is magnified in the affidavit of George Murdock, and although a few numbers were changed they were immediately replaced without much effort after the Contractor voiced his objections.

In the affidavit of John Ralls, he clearly shows the attitude of the Contractor toward cooperating in permitting an examination of basic records necessary for the operation of this department. In this instance it was the duty of my Section to inspect and approve the receipt of fifteen (15) passenger cars on the project in proper condition. In order to be sure that the Government was getting what it was paying for I wanted it to be determined whether 1941 or 1942 models were called for so that I could check this requirement against the actual delivery. I made known to Mr. Ralls the reason for my inquiry and did not even intimate to him that I questioned any of the details of the original bid other than outlined. I fully realized that I had no authority to question any of the circumstances, and so did Mr. Ralls. I merely wanted sufficient data to properly receive the vehicles on the project. Mr. Ralls' affidavit further brings out the chief complaint that any constructive inquiry regardless of how routine met with defiant frustration and a personal report to my superiors in an attempt to discredit any of my staff who tried to guard the Government's interest.

It is to be noted that these fifteen (15) new cars were purchased from Pilkerton & Pilkerton as late as October 2, and within thirty (30) days we started to transfer large numbers of cars in view of the fact that the project was nearing completion.

With reference to the affidavit of Greig Oman, the repair costs for labor and parts on equipment of the Oman Construction Co. to October 1, 1941 was \$53,413.26. Mr. Oman states: "It is evident that Mr. McCarthy is taking the entire cost." A reference to the schedule I submitted in support of my testimony will show that I eliminated all charges for oil, gas and incidentals from my computations which include only labor and parts charges. It is apparent that Mr. Oman did not refer to this schedule before executing his affidavit.

With respect to the affidavit of Mr. Ralls concerning the four (4) Letourneau Turnapulls rented to the Government at a value of \$10,990.00, reference is made to a report made by my Section to the Chief Project Auditor, which I attach herewith. This report is self-explanatory and shows the action instituted by my Section, and all subsequent steps taken which accounts for the matter being "fully gone into" as outlined by Mr. Ralls, and the subsequent refund to the Government of \$300.00 per Unit.

Since the current investigation started, Mr. Jessup and Mr. Jones, formerly under my supervision, have been transferred under the jurisdiction of Lt. Wise, the Operations Officer, with the warning that if they were seen in my office it would result in their dismissal. I have been engaged in post auditing the equipment records and have tendered my resignation to become effective December 15, when I will return to private endeavor. Despite the fact that I have been engaged in post auditing, I was criticized recently by Zone Auditor McKoin for uncovering anything. He said in substance, "McCarthy, are you working here, or spending your time digging up dirt?" My reply in substance was, "Whenever I see a situation which looks dirty on top I believe it my duty to dig deeper to see what there is to it."

In my opinion the Government has been fortunate in having a conscientious staff of Inspectors and auditors who in spite of unsurmountable difficulties have tried to do their duty. In view of the conditions which I know exist, I, like the other Auditors, will feel greatly relieved when I finally leave this Project.

JOSEPH F. MCCARTHY.

Sworn to and subscribed to before me at Jackson, Tenn., Dec. 12, 1941.

H. G. ROBINSON,
Investigator, Special Senate Committee Investigating the National Defense Program, United States Senate.

AFFIDAVIT No. 47

[In connection with this affidavit see Affidavit No. 46-A on p. 3478.]

(Pencil notation:) System in acquiring rental equipment.

STATE OF TENNESSEE,
County of Gibson, ss:

Affiant, John Ralls, being duly sworn by the undersigned authority deposes as follows:

In acquiring equipment for the Wolf Creek Ordnance Plant and for Milan Ordnance Depot, the following procedure has been followed:

1. Requisition is issued by the superintendent who needs said equipment.
2. This requisition is sent to the Project Manager, Mr. C. G. Atkin, for his approval.
3. The requisition is then sent to the Rental Equipment Department for the acquiring of same.
4. Before equipment is acquired, requisition is approved by a representative of the CQM as to need for same.
5. Bids are taken and tabulated, bid tabulations being made up with original and three copies. The bid tabulation shows the complete description of equipment to be acquired, and new cost, present value, rent per month, approximate delivery date, approximate age of equipment, given by each bidder, and the recommendation of the Ferguson-Oman Company as to the award.
6. The tabulation of bids then is taken to the office of Lt. C. H. Bruce, whose title is 1st. Lieutenant, Quartermaster Corps, Special Assistant to Constructing Quartermaster, for his approval as to value.
7. A carbon copy of this bid tabulation showing all signatures of approval and a complete history of the transaction is given to the Chief Tool and Equipment Inspector for the United States Government.
8. The Lessor to whom the award was made is then notified that he was the successful bidder and to ship equipment to the project.

Bid Tabulation No. 179, which calls for fifteen 1941 or 1942 model Sedan passenger cars with heater, has the signed approval of Lt. Fisher, Capt. George N. Kibler, and Lt. C. H. Bruce, as well as the verbal approval of the acquiring of same from Major Glen E. Hofto.

On, or about, October 2, 1941, Mr. Jos. F. McCarthy, Chief Tool and Equipment Inspector, came into the Rental Equipment Department of Ferguson-Oman

Company with a carbon copy of Bid Tabulation No. 179 in his hand, which copy gave complete description of the entire transaction, bids of four Lessors stating their new cost, present value, rent per month, and approximate delivery they could make, and also the signed approval of Capt. George N. Kibler and Lt. C. H. Bruce, who at that time had been designated as the Government's representatives to approve same. Mr. McCarthy demanded in a very officious and arrogant manner that he be given the original of this bid tabulation.

Mr. McCarthy, since accepting the job as Chief Tool and Equipment Inspector for the United States Government at the Wolf Creek Ordnance Plant Project, in my estimation, has assumed the attitude that he is the highest authority in charge of this project, and that his word is final. It is not the duty of Mr. McCarthy to approve the bid tabulations, and, since we had the approval of the proper Government officials as were designated to do this work by Major Glen E. Hofto, we saw no need for giving him our original copy, which, according to instructions given to us, is to be held in our files at all times. These instructions have never been changed.

Mr. McCarthy seemed to be quite perturbed over being refused the original, and was then told to see Lt. Fisher or Lt. C. H. Bruce, who had been designated by the Constructing Quartermaster to make approval of bid tabulations for the Government, and, if either of these officers wanted the original, we would be glad to deliver same to them.

After Mr. McCarthy left the office of the Equipment Rental Department of Ferguson-Oman Company, I went over to the office of Lt. C. H. Bruce and told him what had happened, and, that if he wanted the original of the bid tabulation, we would be glad to furnish same.

Lt. Bruce stated that if he saw any need for this procedure he would call for this bid tabulation, which to this date he has not requested.

JOHN RALLS.

Sworn to and subscribed before me this 24th day of November, 1941.

[SEAL]

WINFRED H. LANCASTER, *Notary Public*.

Registered as a Notary Public in Henderson and Gibson Counties, Tenn. as provided by Chap. 193, Public Acts of Tennessee 1935.

My commission expires July 10th, 1945.

AFFIDAVIT No. 48

[In connection with this affidavit see Memorandum No. 48-A on p. 3493.]

STATE OF TENNESSEE,

County of Gibson, ss:

Affiant, John Ralls, being duly sworn by the undersigned authority, deposes as follows:

My name is John Ralls. I am employed by Ferguson-Oman Company, and am in charge of making out the contracts for the rental equipment which is placed on the job.

The original form of Equipment Rental Agreement (Stencil No. 40/2111) which was furnished us by the Quartermaster contained, among other things, the two following provisions:

In Article II—"All necessary minor or field repairs to equipment shall be made by the Lessee without cost to the Lessor. Other than minor or field repairs shall be made by the Lessor without cost to the Lessee. All gasoline and oil for the operation of such equipment will be furnished by the Lessee."

In Article V—"Slight delays in the use of any piece of equipment caused by necessary minor or field repairs and replacements shall not interrupt the rental period, but no rental shall be paid for the period of any delay in the use of such piece of equipment caused by other than necessary minor or field repairs."

Before the contract form furnished us was used, the above provisions were amended by the insertion of a new Article XI, which reads as follows:

"The following changes were made in this agreement before it was signed by the parties hereto:

Article II, Page 2, changed to read as follows: '*All necessary repairs to equipment shall be made by the Lessee without cost to the Lessor. All gasoline and oil for the operation of such equipment will be furnished by the Lessee. Said equipment to be returned in as good condition as when received by the Lessee, excepting ordinary wear caused by ordinary use.*' "

A further change was made in the terms of this agreement, after some of the contracts had been signed, by agreement of the parties, including the Constructing Quartermaster, who at that time was Major Paul M. Brewer. When it was discovered that it had been understood in the negotiations between Ferguson-Oman Company and the owners of the equipment acquired that there would be no deductions of time on the rental of equipment, and that it was with this verbal understanding that these people had entered into the agreement, a new addendum to Article XI, Page six, of Equipment Rental Agreement was then drawn up, said addendum being a change in Article V, Part A, which was made to read as follows:

"Article V, Part A, changed to read as follows: 'The Lessor shall be paid at the rate prescribed in Schedule 'A'. The rental period shall begin on the delivery of such equipment to a common carrier for shipment to the site of the work, as evidenced by the Bill of Lading covering such shipment, and shall terminate, unless title to the equipment passes to the Government at an earlier date, on the date of delivery of such equipment to a common carrier, for shipment from the site of the work, as evidenced by the Bill of Lading covering such shipment, provided such equipment is delivered without delay after notice by the Lessee or the Contracting Officer, of the principal contract, to the Lessor that such equipment is no longer required; otherwise, the rental shall terminate on the date of such notice. If such equipment is not in sound and workable condition when it arrives at the work site, the rental period therefor shall not begin until such equipment shall have been placed in sound and workable condition at the expense of the Lessor. No transportation charges for the shipment thereof shall be paid by the Lessee for any piece of equipment which arrives at the work site in other than sound and workable condition if such piece of equipment cannot be placed in sound and workable condition. The determination as to whether such equipment is in sound and workable condition shall, in every instance, be made by the Contracting Officer or his duly authorized representative. *Any delays in the use of any piece of equipment caused by necessary minor, major, or field repairs and replacements shall not interrupt the rental period.*'"

All contracts entered into thereafter included the two provisions of Article XI as shown above.

The original form that came to us contained Article XI, beginning—"The following changes were made in this agreement before it was signed by the parties hereto:" Hence, the original form furnished us contemplated the possibility of amendments, and these particular amendments were made for the following reasons:

We undertook to take bids with the alternative that the Lessor be responsible for repairs and that the Lessee be responsible for repairs. We found that owners of equipment were unwilling to lease their equipment to us if they had to be responsible for repairs, and that if we were to acquire such equipment as was needed here it would be necessary to provide for a contract whereby the repairs had to be made by the Lessee. It was primarily for that reason that we suggested the amendment to the contract. As a typical illustration of the reason for the amendment, I quote a telegram dated February 11, 1941, from Roy C. Whayne Supply Company, Louisville, Kentucky, which reads as follows:

"You to have privilege of using as many hours per day as required, you to pay all operating and maintenance expense and upon termination of lease you are to return unit at your expense in as good condition as received, natural wear and tear excepted. In event you require us to take care of mechanical maintenance on machines add 60% to all above rates, this added amount not applicable toward purchase price."

The making of the amendment was approved by the Constructing Quartermasters, both Captain J. Horridge when he was constructing Quartermaster and Major Paul M. Brewer, his immediate successor; and it has continued to be approved by the present Constructing Quartermaster, Major Glen E. Hofto. The amended form was also approved by the Zone Quartermaster in Atlanta, Georgia.

All the bids were made on the basis of the amended contract, and the contract form as amended complies with the bids in every case.

No contracts for rental of equipment were made on any other form than the amended form, nor were any accepted bids made on any other basis than that set out in the amended form.

In my experience, the amending of the Equipment Rental Agreement resulted in the total cost of the rented equipment to the Government being far less than it would have been if we had rented equipment on the terms of the form of contract set out before the amendment was made. Lessors renting equipment,

most of which was new, were naturally unwilling to furnish it to us to be operated for us by our own men, unless we were to stand the cost of repairs.

Attached hereto as Exhibit "A" is a copy of the form of Equipment Rental Agreement as amended.

JOHN RALLS.

Sworn to and subscribed before me this 24 day of Nov., 1941.

[SEAL]

WINFRED H. LANCASTER, *Notary Public*.

My commission expires July 10, 1945.

Registered as a Notary Public in Henderson, Carroll, and Gibson Counties, Tenn., as provided by Chap. 193, Public Acts of Tennessee 1935.

My commission expires July 10th, 1945.

[Exhibit A attached to Affidavit No. 48]

EQUIPMENT RENTAL AGREEMENT

Contract No. 56

THIS CONTRACT, entered into this 17th day of April, 1941, by L. T. Maurice an individual trading as L. T. Maurice, of the City of Fort Smith, 905 South 14th St., in the State of Arkansas, hereinafter called the Lessor, and Ferguson-Oman Company, a partnership consisting of the H. K. Ferguson Company and Oman Construction Company of the Village of Milan, in the State of Tennessee, hereinafter called the Lessee,

Whereas, the Lessee has heretofore, to wit, on the 31st day of December, 1940, entered into a contract hereinafter called the principal contract, with the United States of America, hereinafter called the Government, to construct for the Government The Wolf Creek Ordnance Plant, near Milan, Tennessee.

Whereas, the Lessor has agreed to rent to the Lessee for use in connection with the aforementioned construction the equipment leased on schedule "A" attached hereto and made a part hereof; and

Whereas, the Lessor has read and is familiar with each and every part of said principal contract, and the respective rights, powers, benefits and liabilities of the Lessee and the Government thereunder;

NOW, THEREFORE, THIS AGREEMENT WITNESSETH: That the parties hereto do mutually agree as follows:

ARTICLE I

The Lessor shall furnish the equipment listed on Schedule "A" attached hereto and made a part hereof. Equipment shall be in a condition to render efficient, economic, and continuous service. Each piece of equipment shall be clearly marked with the identification number set opposite such piece on schedule "A."

ARTICLE II

All necessary minor or field repairs to equipment shall be made by the Lessee without cost to the Lessor. Other than minor or field repairs shall be made by the Lessor without cost to the Lessee. All gasoline and oil for the operation of such equipment will be furnished by the Lessee.

ARTICLE III

Equipment is rented without operators. Any operator deemed incompetent by the Lessor and the Lessee shall be removed from any piece of equipment. Should the Lessor and the Lessee fail to agree as to the competency of any operator the matter shall be submitted to the Contracting Officer who signed the principal contract and his decision shall be final as to the parties hereto.

ARTICLE IV

The Lessor shall initiate shipment of the equipment to the site of the work immediately. It is estimated that the equipment will be used for approximately 6 months working hours, but the Lessee reserves the right to increase or decrease the rental period.

ARTICLE V

A. The Lessor shall be paid at the rate prescribed in Schedule "A." The rental period shall begin on the delivery of such equipment to a common carrier

for shipment to the site of the work, as evidenced by the Bill of Lading covering such shipment, and shall terminate, unless title to the equipment passes to the Government at an earlier date, on the date of delivery of such equipment to a common carrier, for shipment from the site of the work, as evidenced by the Bill of Lading covering such shipment, provided such equipment is delivered without delay after notice by the Lessee or the Contracting Officer, of the principal contract, to the Lessor that such equipment is no longer required; otherwise the rental shall terminate on the date of such notice. If such equipment is not in sound and workable condition when it arrives at the work site the rental period therefor shall not begin until such equipment shall have been placed in sound and workable condition at the expense of the Lessor. No transportation charges for the shipment thereof shall be paid by the Lessee for any piece of equipment which arrives at the work site in other than sound and workable condition if such piece of equipment cannot be placed in sound and workable condition. The determination as to whether such equipment is in sound and workable condition shall, in every instance, be made by the Contracting Officer or his duly authorized representative. Slight delays in the use of any piece of equipment caused by necessary minor or field repairs and replacements shall not interrupt the rental period, but no rental shall be paid for the period of any delay in the use of such piece of equipment caused by other than necessary minor or field repairs.

B. The minimum rental set forth in Schedule "A" shall be allowed for equipment in good repair and retained at the site of the work, provided such retention is approved in writing by the Contracting Officer or his duly authorized representative. Transportation will be paid by the Lessee f. o. b. cars at original point of shipment, and return transportation f. o. b. cars to original point of shipment, or equivalent mileage but charges for transportation of any piece of equipment over a distance in excess of Five Hundred Miles (500) must have written approval of the Contracting Officer or his duly authorized representative. Only loading and/or unloading costs incurred at the worksite will be paid by the Lessee. Rental payments will be made monthly on or about the 10th of the month for the previous calendar month.

ARTICLE VI

Failure of any piece of equipment to perform to the satisfaction of the Lessee or the Contracting Officer or his duly authorized representative shall be sufficient cause for the termination of this contract by the Lessee, or the requirement by the Lessee that the equipment be replaced with equipment of satisfactory performance.

ARTICLE VII

When the equipment rented hereunder shall arrive at the site of the work the Lessor shall file with the Lessee a schedule setting forth, (1) the fair valuation of each piece of equipment at the time of its arrival and (2) the names and addresses of any and all persons holding any lien or encumbrance of any nature whatsoever against such piece of equipment together with the amount of the indebtedness secured by such lien or encumbrance. Such valuation shall be deemed final unless within ten days (10) after the equipment has been set up and operating, the Lessee or the Contracting Officer or his duly authorized representative shall modify such valuation. When and if the total rental paid to the Lessor for any piece of equipment shall equal the value thereof, plus one percent per month for each month or fraction thereof such piece of equipment shall have been in use, no further rental shall be paid to the Lessor and title shall vest in the Government. At the completion of the work or upon termination of the principal contract as provided in Article VI of the principal contract, the Government may at its option purchase any piece of such equipment by paying the Lessor the difference between the valuation of such equipment plus 1% per month for each month or part thereof such piece of equipment shall have been in use and the total rental therefor paid for such piece of equipment.

ARTICLE VIII

Neither this contract nor any interest therein shall be assigned or transferred, except that the whole or any part is assignable to the Government.

ARTICLE IX

The Contractor shall have the same right and under the same conditions and terms to terminate this contract as has the Government in the principal contract.

AETICLE X

This contract shall be subject to the written approval of the Contracting Officer who executed the principal contract, or his duly authorized representative, and shall not be binding until so approved.

ARTICLE XI

The following changes were made in this agreement before it was signed by the parties hereto:

Article II, page 2, changed to read as follows: "All necessary repairs to equipment shall be made by the Lessee without cost to the Lessor. All gasoline and oil for the operation of such equipment will be furnished by the Lessee. Said equipment to be returned in as good condition as when received by the Lessee, excepting ordinary wear caused by ordinary use."

Article V, part A, changed to read as follows: "The Lessor shall be paid at the rate prescribed in Schedule "A". The rental period shall begin on the delivery of such equipment to a common carrier for shipment to the site of the work, as evidenced by the Bill of Lading covering such shipment, and shall terminate, unless title to the equipment passes to the Government at an earlier date, on the date of delivery of such equipment to a common carrier, for shipment from the site of the work, as evidenced by the Bill of Lading covering such shipment, provided such equipment is delivered without delay after notice by the Lessee or the Contracting Officer, of the principal contract, to the Lessor that such equipment is no longer required; otherwise the rental shall terminate on the date of such notice. If such equipment is not in sound and workable condition when it arrives at the work site the rental period therefor shall not begin until such equipment shall have been placed in sound and workable condition at the expense of the Lessor. No transportation charges for the shipment thereof shall be paid by the Lessee for any piece of equipment which arrives at the work site in other than sound and workable condition if such piece of equipment cannot be placed in sound and workable condition. The determination as to whether such equipment is in sound and workable condition shall, in every instance, be made by the Contracting Officer or his duly authorized representative. Any delays in the use of any piece of equipment caused by necessary minor, major, or field repairs and replacements shall not interrupt the rental period."

In witness whereof, the parties hereto have executed this agreement as of the day and year above written.

Witness:

(1) Susan R. Ham.	L. T. MAURICE, <i>Lessor.</i>
(2) Ruth Forrester.	By L. T. MAURICE, <i>Fort Smith, Ark.</i>
(1) M. Harvey.	FERGUSON-OMAN COMPANY, <i>Lessee,</i>
(2) F. Howell.	By C. G. ATKIN, <i>Project Manager,</i>
	<i>Milan, Tennessee.</i>

I, L. T. Maurice, certify that I am the owner named as the Lessor herein; that I, L. T. Maurice, who signed this agreement on behalf of the Lessor, was then owner.

I, _____, certify that I am the _____, secretary of the corporation as the Lessee herein; that _____, who signed this agreement on behalf of the Lessee, was then _____ of said corporation; that said agreement was duly signed for and in behalf of said corporation by authority of its governing body, and is within the scope of its corporate powers.

Place _____ Corporate seal.
Date _____

Approved:

(Name)

(Title)

(To be executed by the Contracting Officer who executed the principal contract named herein, or his successor or his duly authorized representative.)

CERTIFICATION

We, The H. K. Ferguson Company, A Corporation existing under the laws of the State of Ohio, and the Oman Construction Company, a partnership of Nashville, Tennessee, having entered into a joint venture under agreement dated the 31st day of December, 1940, to build the Wolf Creek Ordnance Plant, for the United States Government, hereby certify, by our authorized agents, that Mr. C. G. Atkin has been appointed Project Manager of said Wolf Creek Ordnance Plant and that he has had authority since December 31, 1940, to bind the H. K. Ferguson Company and the Oman Company in all matters pertaining to the construction of the said Wolf Creek Ordnance Plant and that he will continue to exercise such authority until the Government has received a revocation of such powers.

In witness whereof, we have hereunto affixed our hands, this 29th day of April 1941.

For The H. K. Ferguson:

[SEAL] (Signed) H. K. FERGUSON.
H. K. Ferguson, *President*.
(Signed) EVELYN HANDCOCK FERGUSON.
Evelyn Handcock Ferguson, *Vice-Pres.*

For The Oman Construction Company:

(Signed) STIRTON OMAN
Stirton Oman, *Partner*
(Signed) JOHN OMAN III
John Oman III, *Partner*
(Signed) JOHN OMAN, Jr.
John Oman, Jr., *Partner*

Signature of C. G. Atkin.

(Signed) CHARLES G. ATKIN

Witnessed:

(Signed) PAUL M. BREWER
Paul M. Brewer, *Major, QMC, CQM*.
(Signed) ABE PLETCHNOW
Abe Pletchnow, *2206 E. Main, Humboldt, Tenn.*

NOTE.—This is an exact copy of signed original that is held in office of Ferguson-Oman Company, and Constructing Quartermaster's office.

#561 M-F

"In some cases the owners of equipment rented directly to the Government, or the rental on which is paid indirectly by the Government, have through carelessness or otherwise neglected to submit in the statements prepared by the Lessors, the correct amount or amounts of the lien or liens on this equipment. The seriousness of such acts of carelessness or negligence cannot be over-emphasized. Section 35 of the Criminal Code as amended provides:

" 'Whoever shall make or cause to be made or present or cause to be presented, for payment or approval, to or by any person or officer in the civil, military, or naval service of the United States, or any department thereof, or any corporation in which the United States of America is a stockholder, any claim upon or against the Government of the United States, or any department or officer thereof, or any corporation in which the United States of America is a stockholder, knowing such claim to be false, fictitious, or fraudulent; or whoever, for the purpose of obtaining or aiding to obtain the payment or approval of such claim, or for the purpose and with the intent of cheating and swindling or defrauding the Government of the United States, or any department thereof, or any corporation in which the United States of America is a stockholder, shall knowingly and willfully falsify or conceal or cover up by any trick, scheme, or device a material fact, or make or cause to be made any files or fraudulent statements or representations, or make or use or cause to be made or used any false bill, receipt, voucher, roll, account, claim, certificate, affidavit, or deposition, knowing the same to contain any fraudulent or fictitious statement or entry, shall be fined not more than \$10,000 or imprisoned not more than ten years, or both.' "

#77 M-F

SCHEDULE A.—*Equipment rental agreement*

Government number	Description: Items of equipment, serial number, manufacturer	Cost or replacement value, new	Estimated present actual or insurable value	Liens, amount, name and address	Date of delivery to common carrier	Rent per month 24 hours per day
B 2375	GMC 1941 Dump Truck Serial No.: C-22891188, General Motors Corporation, Detroit, Michigan.	\$1,700.00	\$1,700.00	Williams Motor Co., Fort Smith, Arkansas. Amount, \$1,056.54	4/17/41	\$195.00
B 2376	GMC 1941 Dump Truck Serial No.: C-22881803, General Motors Corporation, Detroit, Michigan.	1,700.00	1,700.00	Williams Motor Co., Fort Smith, Arkansas. Amount, \$1,030.98	4/17/41	195.00

[Exhibit 2 attached to Affidavit No. 48]

WAR DEPARTMENT,
OFFICE OF THE QUARTERMASTER GENERAL,
Washington, March 12, 1941.

In ink: Exhibit #2 signed by John Ralls for identification.—John Ralls
In Reply Refer to QM 300.5 C-O (General)

CONSTRUCTION DIVISION LETTER No. 154

Subject: Procedure for Handling Rental Equipment.

To: All Zone Constructing Quartermasters.

All Constructing Quartermasters.

I GENERAL

1. Construction equipment and machinery used on cost-plus-a-fixed-fee projects will fall into two categories. The first is that rented from principal contractor, and the second is that rented from third party lessors. While certain general principles concerning the administration of matters in connection with rented equipment are applicable to both categories, a distinction must be drawn between the two categories at all times, in view of the fact that equipment which is rented from the contractor is rented under Article II, paragraph 2, of the cost-plus-a-fixed-fee contract, whereas that rented from third party lessors is rented under a separate form known as "Equipment Rental Agreement." The rights of the owner of the equipment are governed by the instrument under which the equipment is rented, and since the two instruments differ, it is obvious that the rights of the parties will be different in some respects.

2. *Reports on Equipment now being rented.*—In order that accurate information will be available on all construction equipment being rented, the C. Q. M. will submit to the Zone C. Q. M. office, as soon as possible, a report fully identifying all equipment now being rented on your project, regardless of the ownership of that equipment. Thereafter, a monthly report of changes will be submitted as of the last day of the month. This report will be made in accordance with Form A attached. The Zone C. Q. M. will submit a consolidated zone report to this office monthly showing status of equipment on all projects as of the last day of the month.

3. *Liens on Rental Equipment.*—Attention has previously been called to Section 35 of the Criminal Code as amended and the penalties set forth therein for presenting fictitious or fraudulent claims against the Government. All contractors should be made aware of this provision of the Criminal Code and there should be attached to all Equipment Rental Agreements the statement set forth in Construction Division Letter No. 71, dated February 4, 1941. The procedure to be followed in verifying the owner's statement as to outstanding liens is set forth in paragraph 2 of Construction Division Letter No. 71.

Rental should be paid to the owner of any equipment to the amount of the agreed valuation on the equipment. However, the Construction Quartermaster should at all times assure himself that any rental payments made in excess of the

value of the lessor's equity are being applied to satisfy any outstanding liens or encumbrances on the equipment. If it is learned that such payments are not being applied by the lessor to the satisfaction of outstanding liens or encumbrances, this office shall be promptly notified and all further rental due impounded, pending receipt of instructions from this office.

4. *Valuation of Rented Equipment.*—Regardless of ownership, a valuation must be placed on each piece of equipment upon its delivery at the job site and such a valuation should be made with careful reference to delivered cost, the age and condition of equipment. Both the standard "Equipment Rental Agreement" and the "Cost-Plus-A-Fixed-Fee" contract allow ten days for revaluation after delivery of equipment. A complete inspection, therefore, should be made as soon as the machinery is delivered and if the owner's valuation is questionable, the matter should be settled within the ten-day period. If an amicable agreement cannot be reached with the owner, the matter should be reported to the Zone Constructing Quartermaster as soon as possible.

5. *Procedure for Registering Recaptured Vehicles.*—(See Construction Division Letter No. 52, dated January 30, 1941.)

The following procedure will be followed on all trucks, passenger cars, reconnaissance cars and construction equipment recaptured by the Government:

(a) If the owner of the equipment has a certificate of title issued by a State, the Constructing Quartermaster shall, prior to making final payment, obtain an assignment of this title to the United States of America. If no such title is in existence, a written release of title shall be obtained from the owner, stating that title to the equipment has passed to the United States of America and certifying that the equipment or vehicle is free from any and all liens or encumbrances.

(b) Upon receipt of title, or written release, the Constructing Quartermaster will enter this vehicle on a receiving report, Form W. D., Q. M. C. No. 431. This form shall be made in quadruplicate, two copies being submitted to the Finance Officer with vouchers, one copy to the stock record account of the accountable officer, and one copy for the file of the Constructing Quartermaster.

(c) Where a vehicle or piece of equipment is recaptured, as opposed to outright purchase, the procedure shall be as follows:

(1) After completion of receiving report Form No. 220 will be completed and sent to the Motor Transport Division, Office of The Quartermaster General. Form No. 220 should be dispatched without delay as registration numbers are issued from data presented on Form 220.

(2) Passenger cars will be given registration Plate Numbers and, until such plates are received from the Holabird Quartermaster Depot, a temporary plate can be devised on the project. Trucks and reconnaissance cars do not take registration number plates. Plates will not be used on trucks.

(3) Stenciling as described in Army Regulations 850-5 will be accomplished except the color will be blue drab lusterless enamel or white.

6. *Lubrication of Machinery.*—Machinery Manufacturers' Directives, relative to the lubrication of machinery will be followed. This is particularly important in Diesel engines where the use of a corrosive grade of lubricating oil is highly injurious.

7. *Notification of Intent to Recapture.*—When it has been determined by the Constructing Quartermaster that any piece of equipment should be recaptured, the Constructing Quartermaster will advise this office, through the Zone Constructing Quartermaster, of the items of equipment recommended for recapture, giving complete description, full information as to balance due, the recapture value, the present value, the mechanical condition of the equipment, and availability of funds for recapture. The approval of the recommendation, or disapproval will be immediately transmitted to the Constructing Quartermaster through the Zone Constructing Quartermaster.

8. The mechanical equipment section of the Operations Branch is available for such consultations or other assistance as may be desired by Zone or Local Constructing Quartermasters.

II. CONTRACTOR-OWNED EQUIPMENT

1. *Rates of rental.*—For the purpose of determining rental to be paid contractors for equipment owned by them, Rental Schedule W. D., O. Q. M. G., July 1940, shall prevail and there shall be no departure from this schedule without prior authorization of this office since the contractor's fee was in part based on this schedule. Any reluctance of the contractor to rent equipment to the Government at the rates set forth by this rental schedule shall be promptly reported to the Zone C. Q. M., with recommendations and a complete recital of all the facts

of the controversy. The Zone C. Q. M. may in turn refer the matter to the Mechanical Equipment Unit of the Operations Branch.

The manner in which rental on a specific case is computed and the method of completing blank spaces on the rental schedule are fully explained in memorandum from the Office of The Quartermaster General, dated December 16, 1940, titled, "Administrative Instructions Relating to Procedure for Machinery Rental on cost-plus-a-fixed-fee contracts". These instructions were forwarded as an inclosure to Fixed Fee Letter No. 35, dated December 17, 1940.

2. *Recapture of Contractor-Owned Equipment.*—The recapture of contractor-owned equipment will be carefully supervised by the Zone Constructing Quartermaster. Such equipment may not be recaptured until work under the construction contract is completed, the construction contract terminated, or the rental paid equals the stated valuation plus one per cent per month for each month or fraction thereof equipment has been in use. In those instances in which the work under the construction contract has been completed or the construction contract terminated, equipment shall not be recaptured by the payment to the lessor of the difference between rental paid plus one per cent per month and the valuation declared at the time the equipment was brought on the job, unless conditions (a) and (b) and either (c) or (d) below are met.

(a) Government has sixty per cent or more equity in the particular piece of equipment.

(b) The equipment is in sound mechanical condition and worth appreciably more than the difference between the rental paid and the valuation, plus one per cent for each month the equipment has been used.

(c) The equipment is actually needed and can be usefully employed.

(d) The equipment is needed at a nearby project for construction purposes and the owner refuses to transfer it with the Government retaining its accrued equity.

Construction funds will be reimbursed at a later date by maintenance funds for all expenditures made in connection with the recapture of equipment for maintenance purposes. A careful record of these expenditures will be kept available for submission to the Operations Branch on call. Careful supervision will be maintained by both the local and Zone Constructing Quartermasters in order that any equipment not to be recaptured may be promptly released when there is no longer an actual need for it.

III. THIRD PARTY-OWNED EQUIPMENT

1. The Zone Constructing Quartermaster will supervise and assist the constructing quartermasters in all matters pertaining to rental of equipment, from third party lessors. This assistance shall include the review of all equipment rental agreements prior to approval by the Constructing Quartermaster. The Mechanical Equipment Section of the Operations Branch of the Washington office will act as a central clearing agency for all matters pertaining to the procurement of equipment, rental rates, recapture of equipment and transfer between zones.

2. *Equipment Rental Agreements.*—The standard Equipment Rental Agreement (Stencil No 40/2111) will be executed before any equipment owned by a third party is used on any project and the Constructing Quartermaster must assure himself that this standard form has been properly executed prior to the time the equipment is used.

3. *Rental Rates.*—The Mechanical Equipment Section of the Operations Branch has assembled statistics on rental rates from all over the country and is in a position to advise all interested parties of prevailing rates. In order that contracts involving excessive rental rates may be avoided, the local Constructing Quartermaster shall whenever time permits, forward to the Operations Branch, with a copy to the Zone Constructing Quartermaster, a copy of each invitation for bids for rental equipment as soon after the issuance of the invitation as possible. The Mechanical Equipment Section of the Operations Branch and the Zone Constructing Quartermaster will endeavor to place in the hands of the Constructing Quartermaster, prior to the bid opening, information on rental rates for similar equipment which may be available and will also notify prospective bidders who might not otherwise be reached. Information received as the result of this procedure should be carefully checked against local bids before the award is made or authorized to see that the interests of the Government are protected. There has been adopted, as a general guide on rental rates, the Associated General Contractors' Schedule of Rates, dated July 1938. If at any time it becomes necessary to pay rates in excess of those set up in this schedule for third party-owned equipment, a report

will be made promptly to the Chief of the Operations Branch, through the Zone Constructing Quartermaster, setting forth in detail the reasons for making the excess payment. No piece of equipment shall be rented against which there is outstanding any lien or encumbrance securing an indebtedness of the owner which indebtedness exceeds 70% of the valuation of the equipment.

4. *Reports on Machinery and Equipment rented from Third Parties.*—The Constructing Quartermaster shall submit monthly reports to the Zone C. Q. M. on equipment rented from third party owners at their projects. These reports will be submitted as outlined in attached Form B. Zone C. Q. M's will submit consolidated monthly reports to the Mechanical Equipment Unit, Operations Branch.

5. *Repairs on Rented Equipment.*—The standard Equipment Rental Agreement (Stencil No. 40/2111) provides that the lessee shall make minor repairs. When it is found that an agreement more advantageous to the Government may be negotiated by providing that the lessee shall make all repairs, the equipment may be rented on that basis and the standard form of Equipment Rental Agreement amended by deleting sentences 1 and 2 of Article 11 and inserting in Article XI of the standard Equipment Rental Agreement Form the following language:

"First and second sentences of Article 11 deleted and the following language substituted therefor:

"The lessee shall make all repairs to equipment except those necessitated by ordinary wear and tear."

Minor repairs referred to in Article 11 of the standard "Equipment Rental Agreement" include replacement of such parts as Carburetor Jets, Spark Plugs, Grease Fittings, Battery Cable, Pump and Radiator Hose, Nuts and Bolts that are not special equipment, Cotter Pins, etc., and such other parts of a similar nature that are easily accessible. Replacement of such parts in an inaccessible part of a machine, which involves the removal of a larger part of a machine, such as a crank case cover, are not to be considered a minor repair. Minor repairs include recharging but not replacing batteries in motor-powered machinery.

6. *Idle Equipment.*—It is the responsibility of each Constructing Quartermaster to see that the Government does not pay rental on equipment standing idle. It is the responsibility of the contractor to remove from the job equipment not required. The C. Q. M. shall not approve payments for contractors owned equipment which has been idle. Should the contractor fail to have third party equipment removed when it is no longer required, the government will assume no responsibility for continuing rentals and vouchers requesting such payment shall be rejected. Each Constructing Quartermaster should be fully acquainted with the necessity of retaining any particular piece of equipment and be able to estimate the length of time which any piece of equipment shall be needed. Prior to the time that the equipment becomes idle, the Constructing Quartermaster shall render a report to the Zone Constructing Quartermaster setting forth the following information:

- (a) Manufacturer of equipment.
- (b) Year of manufacture.
- (c) Model.
- (d) Present value.
- (e) Rental paid.
- (f) Mechanical condition.
- (g) Tentative date of release.
- (h) Equity the Government has through payment of rental.
- (i) Recommendation as to disposition.

7. *Recapture of Rented Equipment.*—The recapture of rented equipment from third party will be carefully supervised by the Zone Constructing Quartermaster. Such equipment may not be recaptured until the work under the lessee's contract with the Government is completed, the lessee's contract with the Government terminated, or the rental paid equals the stated valuation plus one percent per month for each month or fraction thereof the equipment has been in use. In those instances in which the work under the principal contract has been completed or the principal contract terminated, equipment shall not be recaptured by the payment to the lessor of the difference between rental paid plus one percent per month and the valuation declared at the time the agreement was entered into unless conditions *a* and *b* and either *c* or *d* below are met.

(a) Government has sixty percent or more equity in the particular piece of equipment.

(b) The equipment is in sound mechanical condition and worth appreciably more than the difference between the rental paid and the valuation, plus 1% per month for each month the equipment has been used.

(c) The equipment is actually needed and can be usefully employed.

(d) The equipment is needed at a nearby project for construction purposes and the owner refuses to transfer it with the Government retaining its accrued equity.

Construction funds will be reimbursed at a later date by maintenance funds for all expenditures made in connection with the recapture of equipment for maintenance purposes. A careful record of these expenditures will be kept available for submission to the Operations Branch on call. Careful supervision will be maintained by both the local and Zone Constructing Quartermasters in order that any equipment not to be recaptured may be promptly released when there is no longer an actual need for it.

8. *Transfer of Rented Equipment.*—Before any equipment rented from a third party may be transferred from one job to another, it is necessary that the assent of the owner of the equipment be secured. Many rental equipment companies and machinery manufacturers have agreed to permit the Government to transfer equipment from one job to another and to permit the Government to retain the amount of equity accrued at the rental on the original job. In the event the lessor declines to consent to the transfer with accrued equity, the Constructing Quartermaster will notify the Zone C. Q. M. immediately, giving detailed information as to the recapture purchase price of the equipment contained in the rental agreement, the accrued rental paid and the present mechanical condition of the equipment.

Consent should be obtained from the lessor in the following manner: When the Constructing Quartermaster is notified by the Zone C. Q. M. to transfer equipment no longer required to another project, the Constructing Quartermaster will request from the lessor an offer to transfer, in letter form, addressed to the principal contractor at the job to which the equipment is to be transferred in the following language:

“The (insert name of lessor) offers to transfer the following equipment now rented to (insert name of present lessee) for use at (insert name of post or station where equipment is being used) to (insert name of post or station at which equipment is desired).

(— set forth schedule of equipment to be transferred—).

“(Insert name of lessor) offers to enter into an equipment rental agreement with (insert name of principal contractor at new post or station) for the rental of the above listed equipment at the same rate of rental heretofore paid to (insert name of lessor) by (insert name of present lessee).

“The (insert name of lessor) further agrees that there shall be inserted in the rental agreement to be entered into between (insert name of lessor) and (insert name of new lessee) the following provision:

“It is agreed that (insert total rental paid by previous lessee) heretofore paid to the lessor by (insert name of first lessee) shall be considered to have been paid by the lessee named in this agreement in computing the total rental paid by the lessee under the provisions of Article 7 of this agreement.

“This offer shall be open for acceptance by (insert name of contractor on new project) for ——— days from this date.”

Upon receipt of this offer by the Constructing Quartermaster, the original shall be transmitted to the Constructing Quartermaster at the post or station to which it is desired that the equipment shall be transferred. The Constructing Quartermaster at the new project to which the equipment is to be transferred shall then prepare a new rental agreement to be entered into by the owner of the equipment and the contractor at his post or station. There shall be noted in Article II of the new rental agreement the following additional agreement article:

Article 12. It is agreed that (insert total rental paid by previous lessee) heretofore paid to the lessor by (insert name of previous lessee) shall be considered to have been paid by the lessee named in this agreement in computing the total rental paid by the lessee under the provisions of Article 7 of this agreement.

Care should be exercised by the Constructing Quartermaster at the job to which the equipment is transferred, to see that the valuation stated for each piece of equipment transferred is the same in the new rental agreement as the valuation assigned to such piece or pieces of equipment in the first rental agreement.

When equipment is transferred from one job to another in the manner outlined above, such transfer is for the convenience of the Government and therefore it is

proper that the cost of transporting such equipment should be paid by the Government. Such costs should be paid from funds allotted to the Constructing Quartermaster at the job to which the equipment is to be transferred.

IV. MISCELLANEOUS

1. *Equipment and Tools owned by the Government.*—Under the supervision of the Zone Constructing Quartermaster, Constructing Quartermasters should endeavor to leave at the project such small tools and low cost construction machinery as are necessary to equip post utility shops for proper post maintenance. Account-ability for such equipment will be transferred to the Post Quartermaster on a shipping ticket. The Zone Constructing Quartermaster will report to this office all construction machinery, tools, and equipment not turned over for post maintenance purposes which is surplus in the Zone. An effort will be made by this office to relocate these items in other zones where they may be required. The Zone Constructing Quartermaster will be advised of the final disposition to be made of surplus items.

2. *Equipment at Force-Account Projects.*—Constructing Quartermasters on Force-Account Projects where equipment is being used shall make the same reports as called for herein. In acquiring equipment on these jobs, standard instructions with respect to invitation for bids, award of contracts, etc., now in force will be observed. Constructing Quartermasters should, however, examine the standard rental agreement (Stencil No. 40/2111) and incorporate into their invitations such parts of this form as the particular situation may require. The A. G. C. equipment rental schedule of 1938 should be available to all Constructing Quartermasters as a basis for comparing all equipment rental rates.

For The Quartermaster General:

/s/ BREHON SOMERVELL,
Brigadier General, U. S. A., Assistant.

- 2 Incls.
- #1. Form A.
- #2. Form B.

DISTRIBUTION LIST

12 Copies to Each Zone Constructing Quartermaster.
7 Copies to Each Constructing Quartermaster.
Copies to All Branches, Control Section and Public.
Relations Section, Construction Division, War Department and Bureaus Concerned.

FORM A.—Rented Equipment

Report for month of _____

Equipment description	Contract value	Rental earned to date	Date of rental agreement	Rental date	App. date rental will equal value	Lessor	Condition of equip.	Available for transfer
Name of Mfr _____	_____	_____	_____	_____	_____	_____	_____	If not now available give approximate date of availability.
Mfr's Model No _____	_____	_____	_____	_____	_____	_____	_____	
Size _____	_____	_____	_____	_____	_____	_____	_____	
Year _____	_____	_____	_____	_____	_____	_____	_____	
Serial No _____	_____	_____	_____	_____	_____	_____	_____	
Note: If Mfr. does not have Model No. give sufficient description.	_____	_____	_____	_____	_____	_____	_____	

(This inclosure accompanies Construction Division Letter No. 154).

Form B.—Government Owned Equipment

Report for month of _____

Equipment description	Cost	Condition of equipment	Available for transfer
Name of Mfr _____	_____	_____	If not now available give approximate date of availability.
Mfr's Model No _____	_____	_____	
Size _____	_____	_____	
Year _____	_____	_____	
Serial No _____	_____	_____	
Note: If Mfr. does not have Model No. give sufficient description.			

(This inclosure accompanies Construction Division Letter No. 154)

MEMORANDUM No. 48-A

MEMORANDUM

Reference is made to Exhibit Number 2 submitted with the affidavit of John Ralls wherein on Page 8 minor repairs are defined as replacements of such parts as carburetor jets, spark plugs, grease fittings, battery cable, pump and radiator hose, nuts and bolts, cotter pins, etc., and replacements of such parts in an inaccessible part of a machine, which involves the removal of a larger part of the machine, such as a crank case cover, are not to be considered as minor repairs. Exhibit Number 2 further defines "when it is found that an agreement more advantageous to the government may be negotiated by providing that the lessee shall make all repairs the equipment may be rented on that basis".

The affidavit of John Ralls outlines the changes made pursuant to War Department instructions as contained in Exhibit 2 which thereupon obligated the government to make all major, minor, and field repairs at its expense and the rental period shall not be interrupted during the time of such repairs. Reference is further made to the affidavit of John Ralls wherein a telegram received from Roy C. Whayne is quoted and in this connection it is noted that the equipment supplied by Roy C. Whayne was new Caterpillar equipment and in most instances was furnished on a basis of a uniform established price list, no concession having been made to the government in connection with its rental. The customary warranty usually accompanying delivery of new equipment is rendered inoperative by forcing the government to pay for all repairs subsequent to the delivery of the equipment and lends further argument to the Committee's position that the equipment requirements should be supplied as a result of outright purchase rather than rental.

The change in the contract mentioned in the testimony of T. D. Thomas more particularly was a change made about June 1 wherein Thomas is quoted as follows:

"and that one practically put us out of business". The change in question was one wherein the field audit section was deprived of any rights to question the appraised valuation of equipment, thereby depriving the government of its bargaining rights in establishing the valuation which they would subsequently be called upon to pay in the event of recapture.

In discussing the changes made in the equipment rental contract, Mr. Ralls does not make any mention of this more outstanding change with respect to appraised value.

3494 INVESTIGATION OF THE NATIONAL DEFENSE PROGRAM

AFFIDAVIT No. 49

[In connection with this affidavit see Affidavit No. 46-A on p. 3478]

STATE OF TENNESSEE,
County of Carroll.

Personally appeared before me, the undersigned authority, George Greig Oman, who being first duly sworn, deposed as follows:

My name is George Greig Oman, and I live in one of the dormitories at the Wolf Creek Ordnance Plant. I am employed by the Ferguson-Oman Company as Division Superintendent in charge of the Mechanical Division, and have been so employed since February 24, 1941. I am on leave from the Department of the Interior for the duration of the work at the Wolf Creek Ordnance Plant. I have been in the construction business for seventeen years in various capacities, and was Project Superintendent with the Department of the Interior of the United States Government when I obtained my leave, which was granted by the Secretary of the Interior at the request of the Constructing Quartermaster. I am not a member of the firm nor am I interested in, other than being an employee of, the Ferguson-Oman Company or the Oman Construction Company.

My attention is called to certain testimony of Mr. J. F. McCarthy before the Senate Committee at Memphis, Tennessee, on November 18, 1941, at which hearing I was present and testified briefly. I was not asked questions there in connection with the testimony of Mr. McCarthy.

Among other things, Mr. McCarthy referred to the sum of fifty-three thousand, four hundred thirteen dollars and twenty-six cents (\$53,413.26), and although his testimony in this connection is a little conflicting and confusing, he indicates that this sum was spent for repairs to equipment leased to the government on the Wolf Creek Ordnance Plant by the Oman Construction Company.

I wish to state that it is evident that Mr. McCarthy is taking the entire cost in connection with this equipment as repairs, and this interpretation was evidently placed on the testimony of Mr. Fulton at the hearing.

Mr. McCarthy failed to analyze this sum. Of course, much of this sum was for operating expenses, such as gasoline, oil, tires, grader blades, cable, rags, and other articles which are regularly accepted as an operating expense.

Mr. McCarthy testified that this was taken from our records furnished him, which records when furnished him were not broken down or analyzed, but are total costs of the operation of the Mechanical Division.

GREIG OMAN.

Sworn and subscribed to before me this 22d day of November, 1941.

[SEAL]

WINFRED H. LANCASTER, *Notary Public.*

Registered as a Notary Public in Henderson, Carroll, and Gibson Counties, Tenn., as provided by Chap. 193, Public Acts of Tennessee 1935.

My Commission Expires July 10th, 1945.

AFFIDAVIT No. 50

[In connection with this affidavit see Affidavit No. 46-A on p. 3478]

STATE OF TENNESSEE,
County of Carroll.

Personally appeared before me the undersigned authority, John Ralls, who first being duly sworn deposed as follows:

My name is John Ralls and I am employed by the Ferguson-Oman Company and am in charge of the acquiring and placing of rental equipment on the Wolf Creek Ordnance Plant and the Milan Ordnance Depot.

My attention is called to testimony of Mr. McCarthy given before the Senate Committee on November 18, 1941, at Memphis, Tennessee. Mr. McCarthy testified that Tournapulls were purchased at \$10,990.00 and a wire from the manufacturers quoted the price at less than the amount paid.

The inference is that there was an intentional purchase of equipment at more than the actual price of same, which is not true.

This matter was fully gone into by the office of the Constructing Quartermaster, together with Mr. Flowers and Mr. Ralls of the Purchasing Department of the Ferguson-Oman Company, and it developed that the price originally given by the successful bidder was given through error in that it did not make a credit for the lack of canopy and curtains on the Tournapulls, which credit was shown further down on the price list.

This is fully explained in detail by a letter from the Constructing Quartermaster dated October 11, 1941, which clearly states the facts and I attach hereto a photostatic copy of same, which is made Exhibit No. I to this deposition.

I also attach photostatic copies of the entire file on this subject, which photostatic copies of the file are made Exhibit No. II to this affidavit.

JOHN RALLS.

Sworn to and subscribed before me this 25 day of November, 1941.

[SEAL]

WINFRED H. LANCASTER, *Notary Public*.

Registered as a Notary Public in Henderson, Carroll, and Gibson Counties, Tenn., as provided by Chap. 193, Public Acts of Tennessee 1935.

My Commission Expires July 10th, 1945.

[Exhibit I attached to Affidavit No. 50]

WAR DEPARTMENT,
OFFICE OF THE CONSTRUCTING QUARTERMASTER,
WOLF CREEK ORDNANCE PLANT,
Milan, Tennessee, October 11, 1941.

Subject: Model "C" Tournapulls: USWC #1212, #1213, #1214, and #1215.

To: Ferguson-Oman Company.

1. Relative to the above mentioned pieces of equipment, two items of which are being rented from the Taylor-Hale Machinery Company, namely USWC #1214, and USWC #1215, and two of which are being rented from the Walters-Prater Company, namely USWC #1212, and USWC #1213, the facts found after a conference between your Mr. Ralls and Mr. Flowers, and Mr. Taylor and Mr. Hale of the Taylor-Hale Machinery Company are as follows:

2. On September 13, 1941, as a result of an inquiry from this office, a telegram was received from the LeTourneau people as follows:

"Rentel Model C Tournapull with two 21x24 and two 15x20 tires or four 13.50x20 tires, \$10,175.00. With two 18x24 and two 15x20 or four 13.50x20 tires, \$9,975.00. Prices are as of March Sixth and FOB Peoria. Mailing Price Lists requested. Fischer R G LeTourneau Inc."

Subsequently on Sept. 22, 1941, a telegram was received at this office from the same company as follows:

"Refer our wire September 13 price as quoted wrong. Should be \$10,990. Regret our error. Fischer R G LeTourneau Inc."

3. Mr. Taylor and Mr. Hale of the Taylor-Hale Co., were in this office with Mr. Flowers of your office with price list #15 dated July 15, 1940, which showed the price of the model "C" Tournapull as \$10,175. They also had a price list #17, dated May 1, 1941 which quoted a price for model "C" Tournapull as \$11,240, having an asterisk reference that \$300. reduction would be made if equipment was without cab. They also had a competitive salesman's Price Chart (called Salesgram) dated December 28, 1940 on which was shown the price of \$10,990. for the model "C" Tournapull, having as asterisk reference that \$300. reduction would be made if equipment was without cab.

4. In view of the fact that bids were secured on the machines from three different dealers, namely: J. D. Pittman Tractor Company, Birmingham, Ala., Roy C. Whayne Supply Co., Louisville, Ky., and the Taylor-Hale Co., Memphis, and that all bids were \$10,990. but that Taylor-Hale was low in monthly rental, the bid was awarded to Taylor-Hale. This value was for new machines, no bids were received for used machines.

5. It seems reasonable to believe that \$10,990. was the existing price for model "C" Tournapulls at the time of the bids, March 5, 1941, and that the bidders had overlooked or failed to quote without cab. Taylor-Hale Machinery Co., now state that they had never noticed this asterisk reference before, inasmuch as it was the first time that the price list was shown in that manner, and they are agreeable to make an adjustment of the rental agreement by the amount of \$300. for each of their two machines. Walter-Prater has given their consent to a similar adjustment. This adjustment will be made by the contractor as a rider to the rental contract, making the present value of each machine \$10,690., instead of \$10,990.

(Signed) GLEN E. HOFTO,
Capt., Q. M. C.,
Constructing Quartermaster.

[Exhibit 2 attached to Affidavit No. 50]

SALESGRAM

LE TOURNEAU, MANUFACTURERS OF HEAVY GRADING EQUIPMENT

Peoria, Illinois, Stockton, Calif.

To: All Distributors, Branches, and Representatives.

Revised Tournapull prices effective December 28, 1940.

Model C Standard Tournapull-----	\$7, 265. 00
"Caterpillar" D-468 Diesel engine 90 H. P. Tires 2 (21.00 x 24)	
16 ply or 2 (18.00 x 24) 20 ply. Complete with battery, starter,	
lights, horn, crankcase guard, bumper, front pull hook, pusher	
block, radiator, canopy & Curtains.*	
LS Carryall—8.2 struck, 11 heaped yards-----	3, 725. 00
Hydraulic brakes on Carryall Scraper. 2 (15.00 x 20) 16 ply	
tires or 4 (13.50 x 20) 12 ply tires.	

List Price complete-----	10, 990. 00
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Model Super C Tournapull-----	7, 965. 00
Cummins or Buda Diesel engine 150 H. P. or Hercules Diesel	
engine 130 H. P. (fluid drive available only with Hercules	
engine). Tires 2 (21.00 x 24) 16 ply. Complete with battery,	
starter, lights, horn, crankcase guard, bumper, front pull hook,	
pusher block, radiator, canopy & curtains.*	
LP Carryall—12.1 struck, 15 heaped yards-----	4, 525. 00
Hydraulic brakes on Carryall Scraper. 2 (18.00 x 24) 20	
ply tires.	

List Price complete-----	12, 490. 00
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W10 Tournatrailer—9.5 struck, 12 heaped yards-----	4, 490. 00
--	------------

2 (21.00 x 24) 16 ply tires—hydraulic brakes. Recommended for
use with Super C Tournapull.

Deduct \$300 from list price if canopy and curtains not desired.

Attachments—New Tournapull rental schedule.

Comparison sheet Tournapulls and Koehring hauling units.

Very truly yours,

R. G. LETOURNEAU, INC.,
E. R. GALVIN,
General Sales Manager.

December 28, 1940.

ERG:lr.

OCTOBER 10, 1941.

To Whom It May Concern:

Regarding Government No. 1214, Serial No. 3T-2131 CIA, and Government No. 1215, Serial No. 3T-2152 CIA, Tournapulls, rented originally to Ferguson-Oman Company at Wolf Creek Ordnance Plant Project, Milan, Tennessee, and later transferred to Memphis Quartermaster Depot on September 12, 1941, and placed on rental agreement contract there, the following error was made in the contract value of each of the above machines in the amount of three hundred dollars (\$300.00) each. This error was caused by machines being placed on rental contract at a value of ten thousand nine hundred ninety dollars (\$10,990.00), which included canopy top. However, machines did not have canopy tops, and without same the contract value should read ten thousand six hundred ninety dollars (\$10,690.00). Please make proper adjustments on Schedule "A" of your

INVESTIGATION OF THE NATIONAL DEFENSE PROGRAM 3497

Equipment Rental Agreement with Taylor-Hale Machinery Company of Memphis, Tennessee, to conform with this letter.

JOHN RALLS,
*Equipment Rental Department Ferguson-Oman Company,
Wolf Creek Ordnance Plant.*

Approved:

GLEN E. HOFTO.

*Captain, Quartermaster Corps, Constructing Quartermaster, Wolf Creek
Ordnance Plant.*

Approved:

H. M. HALE,

Taylor-Hale Machinery Co., Lessor, Memphis, Tennessee.

Approved:

CLIFFORD S. URWILLER,

Constructing Quartermaster.

OCTOBER 10, 1941.

To Whom It May Concern:

Regarding Government No. 1212, Serial No. 3T-2144-CAI, and Government No. 1213, Serial No. 3T-2145-C1A, Tournapulls, rented originally to Ferguson-Oman Company at Wolf Creek Ordnance Plant Project, Milan, Tennessee, and later transferred to Memphis Quartermaster Depot on September 12, 1941, and place on rental agreement contract there, the following error was made in the contract value of each of the above machines in the amount of three hundred dollars (\$300.00) each. This error was caused by machines being placed on rental contract at a value of ten thousand nine hundred ninety dollars (\$10,990.00), which included canopy top. However, machines did not have canopy tops, and without same the contract value should read ten thousand six hundred ninety dollars (\$10,690.00). Please make proper adjustments on Schedule "A" of your Equipment Rental Agreement with Walters and Prater to conform with this letter.

JOHN RALLS,
*Equipment Rental Department, Ferguson-Oman Company,
Wolf Creek Ordnance Plant.*

Approved:

GLEN E. HOFTO,

*Captain, Quartermaster Corps, Constructing Quartermaster,
Wolf Creek Ordnance Plant.*

Approved:

H. S. WALTERS,

Walters & Prater, Lessor, Morristown, Tennessee.

Approved:

CLIFFORD S. URWILLER,

*Constructing Quartermaster, Memphis Quartermaster Depot,
Memphis, Tennessee.*

LOUISVILLE, KENTUCKY, March 4, 1941.

FERGUSON-OMAN COMPANY,
Milan, Tennessee.

GENTLEMEN: This is to confirm our telegram of the above date as follows:

We offer for prompt acceptance immediate delivery from Louisville stock two Letourneau Model C Tournapull Diesel scraper outfits each complete with car. Crankcase guard, electric starter, electric lights, new price \$10,990 each, present value same, rental price unrestricted hours, \$1,500 each per month, no liens, rental is based on your guaranteeing minimum three consecutive months, all prices FOB Peoria, Illinois with you to pay freight both ways. Option will provide all rentals to apply but purchase price will increase 1% per month, all rental terms and conditions same as outlined our telegram February 7. Machines offered subject to prior sale.

Yours very truly,

ROY C. WHAYNE SUPPLY CO.,
R. D. EZELL.

R. G. LETOURNEAU INC.

PEORIA, ILLINOIS STOCKTON, CALIFORNIA

DECEMBER 28, 1940.

To: All Distributors, Branches, and Representatives.

REVISED TOURNAPULL RENTAL SCHEDULE

Purpose of LeTourneau Rental Plan.—We feel that it is a normal function of Distributors to handle rental deals with their Customers. The purpose of LeTOURNEAU rental plan is purely sales promotional; to assist the Distributor in convincing skeptical prospects or to enable Distributor to offer Customer desired temporary credit accommodation.

Tournapulls Require Different Rental Plan.—Tournapulls being powered equipment obviously require a different rental plan than Tractor equipment. The reconditioning of the engine and the depreciation of the TOURNAPULL tires is a factor not encountered to the same extent with Tractor equipment.

Tournapull Rental Plan.—This plan with a few exceptions is similar to the LeTourneau rental plan on Tractor equipment. The principal features are

1. Permission in writing must be secured from the manufacturer before Tournapulls on display may be rented.
2. Minimum Tournapull rental period, 3 months.
3. All rentals payable monthly in advance.
4. Dealer retains 5% of rentals forwarding 95% to Manufacturer.
5. If Tournapulls on rental are purchased by Distributor or Customer within 5 days from expiration of 3 months rental period, all rentals will apply on purchase price.
6. In event rental Tournapulls are purchased by either Distributor or Customer within 5 days of expiration of 3 months rental period, the Distributor may deduct an additional 5% of the rental payments, making a total of 10% of the rentals received by the Distributor.
7. In event that Tournapulls are sold as above outlined, interest at the rate of 6% is charged on the deferred balance from the beginning of the rental period.
8. In making final settlement, 2% cash discount may be deducted from balance due.
9. Rental period starts when machines are delivered on job. No deductions for lost time due to breakdown or inclement weather unless authorized by manufacturer in writing.
10. Distributor responsible for sales, use or other taxes or assessments of any nature levied against rental Tournapulls or rental revenue therefrom.
11. *Tournapull Rental Rates.*—Rental rates on Tournapulls should be in keeping with the production or earning power, and should vary with the number of shifts worked. The following rental schedule should be used:

Shifts per day	Tournapull rental schedule per month	Tournatrailer rental schedule per month
1.....	10% of list price.....	10% of list price.
2.....	15% of list price.....	12½% of list price.
3.....	17½% of list price.....	15% of list price.

Profit Margin.—Obviously the greatest profit margin for the Distributor will result from the outright purchase of Tournapulls.

Reconditioning Expense.—It will be appreciated that the cost to the Manufacturer of thoroughly reconditioning a Tournapull is considerably in excess of the cost of reconditioning Tractor equipment. This is the reason for the reduction in the Distributor's commission on rental payments. However, the 5% deducted is restored to the Distributor in the event that the rental is converted into a sale at the expiration of the rental period. Distributor will pay freight both ways presumably charging same to Customer.

We believe it will be generally more satisfactory for Distributors to purchase Tournapulls outright and in doing so be in a position to make their own rental terms with their Customers.

Very truly yours,

R. G. LETOURNEAU, INC.,
E. R. GALVIN,
General Sales Manager.

TAYLOR-HALE MACHINERY Co.

DIESEL TRACTORS—ENGINES—ROAD MACHINERY—ALLIED EQUIPMENT

MEMPHIS, TENNESSEE, *October 3, 1941.*

(Notation in pencil:) File with bid tab. on Taylor-Hale Tournapulls.

Mr. QUINN FLOWERS,
Ferguson-Oman Company, Milan, Tennessee.

DEAR QUINN: After returning to Memphis from Milan on the last trip, I wired R. G. LeTourneau, Inc., Peoria, Illinois, to send me copies of Price List No. 16, and also the announcement of the price change on the Model C and Super C Tournapulls.

I have not received a price list, and there is a great question in my mind that price list No. 16 ever existed. They did, however, send me copy of a letter dated December 28, 1940, together with a comparative analysis which I showed you in Milan, and copy of Salesgram No. 240, which contains revised prices on the Model C and Super C Tournapulls.

This was the first instance, apparently, where they included the canopy top in the price of the unit, and inasmuch as those furnished at Milan did not include canopy top, the valuation on those units should be revised to a price of \$10,690.00.

Will you please advise how this change may be made so we can get the correction through?

Very truly yours,

H. M. HALE,
TAYLOR-HALE MACHINERY Co.

H. M. Hale
GT

SALESGRAM

LE TOURNEAU, MANUFACTURERS OF HEAVY GRADING EQUIPMENT
Peoria, Illinois; Stockton, Calif.

To: All distributors, branches, and representatives.

Revised Tournapull prices effective December 28, 1940.

Model C Standard Tournapull ----- \$7,265.00

“Caterpillar” D-468 Diesel engine 90 H. P.

Tires 2 (21.00 x 24) 16 ply or 2 (18.00 x 24) 20 ply.

Complete with battery, starter, lights, horn, crankcase guard,
bumper, front pull hook, pusher block, radiator, canopy &
curtains.*

LS Carryall—8.2 struck, 11 heaped yards ----- 3,725.00

Hydraulic brakes on Carryall Scraper.

2 (15.00 x 20) 16 ply tires or 4 (13.50 x 20) 12 ply tires.

List Price complete ----- 10,990.00

Model Super C Tournapull ----- 7,965.00

Cummins or Buda Diesel engine 150 H. P. or Hercules Diesel
engine 130 H. P. (fluid drive available only with Hercules
engine).

Tires 2 (21.00 x 24) 16 ply.

Complete with battery, starter, lights, horn, crankcase guard,
bumper, front pull hook, pusher block, radiator, canopy &
curtains.*

LP Carryall—12.1 struck, 15 heaped yards ----- 4,525.00

Hydraulic brakes on Carryall Scraper.

2 (18.00 x 24) 20 ply tires.

List Price complete ----- 12,490.00

W10 Tournatrailer—9.5 struck, 12 heaped yards ----- 4,490.00

2 (21.00 x 24) 16 ply tires—hydraulic brakes.

Recommended for use with Super C Tournapull.

* Deduct \$300 from list price if canopy and curtains not desired.

3500 INVESTIGATION OF THE NATIONAL DEFENSE PROGRAM

Attachments—New Tournapull rental schedule.

Comparison sheet Tournapulls and Koehring hauling units.

Very truly yours,

R. G. LETOURNEAU, INC.,
E. R. GALVIN,
General Sales Manager.

December 28, 1940
ERG:lr

DECEMBER 28, 1940.

Competitive equipment analysis Tournapull and Koehring

Model	Manufacturer			
	R. G. LeTourneau		Koehring	
	"C"	"Super C"	WH-95	WH-125
Price.....	\$10,990	\$12,490	\$11,360	\$12,710.
Engine.....	Caterpillar	Cummins	Gen. Mot.	Gen. Mot.
Model.....	468	HBI-600	4-71	4-71.
Engine H. P.....	90	150	107	107.
Capacity—Struck.....	8.2	12.1	7.0	9.5.
Capacity—Heaped.....	11	15.0	9.5	12.5.
Weight—Empty.....	24,500#	29,500#	24,700#	28,200#.
*Weight—Loaded.....	50,900#	65,500#	47,500#	58,200#.
Gross Wt. Empty Per H. P.....	272#	197#	230#	264#.
Gross Wt. Loaded Per HP.....	565#	437#	443#	542#.
Method of Loading.....	Pusher	Pusher	Pusher	Pusher.
Top Speed.....	14.3 MPH	14.3 MPH	18 MPH	14.5 MPH.
Tires.....	Front (21.00 x 24) 16 Rear (15.00 x 20) 16.	Front (21.00 x 24) 20 Rear (18.00 x 24) 16.	Drive (18.00 x 24) 12 Rear (18.00 x 24) 12.	Drive (18.00 x 24) 16 Rear (18.00 x 24) 16.
Brakes.....	Hydraulic.	Hydraulic.	Mechanical.	Mechanical.
Accessories.....	battery, starter, lights, horn, crankcase guard, bumper, front pull hook, pusher block, radiator, canopy & curtains.	battery, starter, lights, horn, crankcase guard, bumper, front pull hook, pusher block, radiator, canopy & curtains.	push pan & bumper.	push pan & bumper.
Cost per Heaped yard.....	\$999	\$833	\$1192	\$1018.
Cost per HP.....	\$122	\$83	\$106	\$109.

*(NOTE.—Loaded weight of LeTourneau and Koehring units was computed by allowing 2400# per heaped loose yard (80% of 3000# material).

OCTOBER 11, 1941.

Mr. R. P. THORNTON,
Purchasing Department, Wilson-Walters & Prater,
Memphis, Tennessee

DEAR BOB: Enclosed herewith are fourteen copies of each letter, which are self-explanatory. Please have one group signed by Mr. Hale and the other by Mr. Walters, and have both groups approved by the Constructing Quartermaster there, returning two copies to us, which leaves you twelve of each to attach to copies of contract there.

Please expedite the signing of same immediately, as the Constructing Quartermaster here is very anxious to get this matter clarified.

Yours very truly,

FERGUSON-OMAN COMPANY,
JOHN RALLS

JR: srh

INVESTIGATION OF THE NATIONAL DEFENSE PROGRAM 3501

BIRMINGHAM, ALABAMA, *March 4, 1941.*

FERGUSON-OMAN COMPANY,
Milan, Tennessee

GENTLEMEN: This is to confirm telegram dated March 4, 1941, as follows:
"Can furnish two model C Letourneau Tournapulls fob Peoria in two weeks after notified new cost \$10,990.00 present value \$10,990.00 fob Peoria at monthly rental of \$1500.00 twenty four hours per day you to furnish all repairs and pay freight from Peoria to Milan and return no liens against this equipment."

Yours very truly,

J. D. PITTMAN TRACTOR Co.
O. R. GOODEY, *V Pres.*

TAYLOR-HALE MACHINERY COMPANY,
Memphis, Tennessee, March 4, 1941.

(Pencil notation:) Ship at once.

FERGUSON-OMAN COMPANY
Milan, Tennessee

GENTLEMEN: We are submitting bids on two (2) Model C Tournapulls equipped with LS 8.2 yard struck capacity Letourneau scraper, complete with battery, electric starter, lights, horn, crankcase guard, bumper, front pull-hook, pusher block and radiator guard, at a rental rate of \$1,495.00 per month each.

New value.—\$10,990.00 f. o. b. Peoria.

Present value.—Same as above as we are bidding new equipment.

Sincerely yours,

TAYLOR-HALE MACHINERY COMPANY
J. R. TAYLOR.

JRT: mr

[Telegram]

LOUISVILLE, KY., *March 4.*

FERGUSON OMAN Co., Flowers.

We offer for prompt acceptance immediate delivery from Louisville stock two Letourneau Model C Tournapull Diesel scraper outfits each complete with ear. Crankcase guard, electric starter, electric lights, new price \$10,990 each, present value same, rental price unrestricted hours, \$1500 each per month, no liens, rental is based on your guaranteeing minimum three consecutive months, all prices fob. Peoria, Illinois with you to pay freight both ways. Option will provide all rentals to apply but purchase price will increase 1% per month, all rental terms and conditions same as outlined our telegram February 7. Machines offered subject to prior sale.

ROY C. WHAYNE SUPPLY Co.
EZELL.

[Telegram]

BIRMINGHAM, ALA., *March 4.*

FERGUSON OMAN CONST. Co.,
Post Office Bldg.:

Can furnish two model C LeTourneau Tournapulls fob Peoria in two weeks after notified new cost \$10,990.00 present value \$10,990.00 fob Peoria at monthly rental of \$1500.00 twenty four hours per day you to furnish all repairs and pay freight from Peoria to Milan and return No liens against this equipment.

J D PITTMAN TRACTOR Co INC.

\$10,990.00 \$10,990.00 \$1500.00.

3502 INVESTIGATION OF THE NATIONAL DEFENSE PROGRAM

[Telegram]

MEMPHIS, TENN., September 11, 1941.

JOHN RALLS,
Ferguson Oman Co.

Present list price model C Tournapull, effective May 1, 1941, complete with LS Scraper and 16 ply tires, f. o. b. factory \$11240. List price Tournapulls at time those furnished Milan, \$10990.

H. M. HALE,
TAYLOR-HALE MACHINERY Co.
156P

1 1941 Ls. 16 F. o. b. \$11240. \$10990.

9/11 WIRE HALE TO RALLS

Present list price Model C Tournapull effective May 1, 1941 complete with L S Scraper and 16 ply tires f. o. b. factory \$11240. List price tournapulls at time those furnished Milan \$10990.

Present list price Model C Tournapull effective May 1, 1941 complete with L S Scraper and 16 ply tires f. o. b. factory \$11240. List price tournapulls at time those furnished Milan \$10990.

4 scrapers, 14.2-F P model LeTourneau @ \$7205.
Catalogue supplement @ \$6245.
4 scrapers, 14.2-F P model LeTourneau @ \$7205.
Catalogue supplement @ \$6245.

[Telegram]

PEORIA, ILL., September 13, 1941.

HOFTO, CONSTRUCTING QUARTERMASTER.

Retel model C Tournapull with two 21 x 24 and two 15 x 20 tires or four 13.50 x 20 tires \$10,175.00. With two 18 x 24 and two 15 x 20 or four 13.50 x 20 tires \$9,975.00. Prices are as of March sixth and f. o. b. Peoria. Mailing price lists requested.

FISCHER R. G. LETOURNEAU, INC.

FERGUSON-OMAN ASSOCIATES

TABULATION OF BIDS

Date: March 5, 1941.
Contract: W-7011-QM-2.

Project No. Wolf Creek Ordnance Plant
Requisition No. G. S. 163.

Items	Taylor-Hale	J. D. Pittman	Roy C. Wayne
Model C LeTourneau Tournapulls	2 new Tournapulls as described: New cost, \$10,990 each Present value \$10,990 each. Rent per mo. \$1,495 each.	2 new Tournapulls as described: New cost, \$10,990 each Present value \$10,990 each. Rent per mo. \$1,500 each. 2 weeks delivery -----	2 new Tournapulls as described: New cost, \$10,990 each. Present value \$10,990 each. Rent per month \$1,500 each. Immediate delivery, but wants guarantee of three consecutive months' work, which we can not give.

(Pencil notation: Written to ship O. K. Draw up Contract.

Supplies selected because:

- X 1 lowest price.
- X 2 Earliest delivery.
- 3 Better quality.
- 4 Better or required design.
- 5 Only available source.

Recommend we accept bid of Taylor-Hale Machinery Company. Reasons of lowest price and better delivery.

Approved:

QUIN FLOWERS.
C. H. BRUCE,
1st Lt. OMC,
Special Assistant, CQM.

AFFIDAVIT No. 51

[In connection with this affidavit see Memorandum No. 51-A, below]

STATE OF TENNESSEE,
County of Carroll.

Personally appeared before me the undersigned authority, Mr. Wallace H. Faulk, who being first duly sworn deposed as follows:

My name is Wallace H. Faulk. At the present time I am living at Trenton, Tennessee. I am employed by the Ferguson-Oman Company as General Superintendent Utilities Construction on the Wolf Creek Ordnance Plant and the Milan Ordnance Depot.

My attention has been called to the testimony of Mr. McCarthy before the Senate Investigating Committee on November 18, 1941 in Memphis, Tennessee, in which he refers to caterpillar tractor #5 RD 8 and states this is one of the pieces of equipment which was idle as much as 70% of the time and the intimation is that this tractor was owned by the contractor. Neither of these statements is correct. The tractor is owned by the Roy C. Whayne Company of Louisville, Kentucky and is on a rental contract.

This tractor came on the job on February 10, 1941 and since that time it has worked a total of 2,339 hours. The use of this tractor was necessary to the proper conduct of the work on the two projects.

This tractor underwent certain repairs during July of 1941 as follows:

On July 9 it was reported with a gaulded final drive track sprocket shaft which had turned in the case and had wallowed a hole in the case. This required a very tedious special machine shop job in order to save the price of a new case. A representative of the R. H. Chilton Machine Company of Nashville, Tennessee was called in on the job on July 11, to make the necessary boring operation and after making the necessary tools and two trips to the job, the Chilton Machine Company finished their job on July 23; the tractor was then assembled in our Heavy Equipment Garage and was ready for service on the 26th of July. After that date it worked 168 hours in July, 410 hours in August, 450 hours in September and 450 hours in October.

WALLACE H. FAULK.

Sworn to and subscribed before me this 24 day of November 1941.

[SEAL] WINFRED H. LANCASTER, Notary Public.

Registered as a Notary Public in Henderson, Carroll, and Gibson Counties, Tenn., as provided by Chap. 193, Public Acts of Tennessee 1935.

My Commission Expires July 10th, 1945.

MEMORANDUM No. 51-A

MEMORANDUM

In connection with the foregoing affidavit of Wallace H. Faulk reference is made to the testimony of Joseph F. McCarthy as follows:

Senator BREWSTER. Does that list show what the rental was on that equipment?

Mr. FULTON. No; not on this particular list.

The CHAIRMAN. Have you the rental charges against these?

Mr. MCCARTHY. I haven't the complete charges, but I have the monthly rental on any piece of equipment since they started the project.

Mr. FULTON. Could you give us some idea of a few of these items as to what rents the Government was paying?

Mr. MCCARTHY. Have you the specific numbers there?

Senator BREWSTER. Take a Caterpillar tractor No. 5.RD-8.

Mr. MCCARTHY. That draws \$770 a month rent on a 24-hour basis. That is a 720-hour basis.

Senator BREWSTER. Take a bulldozer. LaPlante Choate No. 100.

It can be seen from the foregoing that Mr. McCarthy did not testify that the tractor No. 5 was idle 70% of the time nor did he make any intimation as to its ownership. McCarthy was referring to a list setting forth the idle equipment on the project during the month of July, the first item on the list being the aforementioned tractor No. 5 which was shown to have been broken down 60% of the time during July which fact is further corroborated by Mr. Faulk's affidavit. According to Mr. Faulk's affidavit this tractor was supposed to have worked 168 hours on the days subsequent to July 26 and it is noted that during this 5-day interval continual 24-hour operation would only result in 120 hours of use.

AFFIDAVIT No. 52

[In connection with this affidavit see Affidavit No. 52-A, below.]

STATE OF TENNESSEE,
County of Carroll.

Personally appeared before me, the undersigned authority, Wallace H. Faulk, who being first duly sworn deposes as follows:

My name is Wallace H. Faulk, and at the present time I live at Trenton, Tennessee. I am employed by the Ferguson-Oman Company as General Superintendent of Utilities Construction.

My attention has been called to the testimony of Mr. McCarthy before the Senate Investigating Committee on November 18, 1941, in which he listed as idle a great part of the time a LaPlante Choate Bulldozer number 100.

This testimony is misleading. The LaPlante Choate Bulldozer number 100 is nothing more than a blade, or attachment, to be placed on the front of a tractor. A tractor was rented from the Oman Construction Company, tractor number 9, and attached to the same was power unit and the blade known as LaPlante Choate Bulldozer number 100. The tractor with the attachments only rented for \$260.00 per month, which is an extremely low rental on depreciation basis. Tractors with no attachments were rented on the job at approximately three times this amount on Associated General Construction Schedule.

When the tractor with the attachments, including the LaPlante Choate Bulldozer number 100 was received, the job was in need for tractors and the attachment, the blade known as LaPlante Choate Bulldozer number 100, was removed and the tractor used as a pull unit. This accounts for the fact that the blade remained idle. The blade itself, that is, the LaPlante Choate Bulldozer number 100, however, has been used a total of 670 working hours on the job.

WALLACE H. FAULK.

Sworn to and subscribed before me this 24 day of November, 1941.

WINFRED H. LANCASTER, *Notary Public*.

Registered as a Notary Public in Henderson, Carroll, and Gibson Counties, Tenn., as provided by Chap. 193, Public Acts of Tennessee 1935.

My Commission Expires July 10th, 1945.

AFFIDAVIT No. 52-A

I, Philip W. Harrison, having been sworn previously in this proceeding, make the following statement in the further support of my testimony to Mr. H. G. Robinson, knowing him to be an Investigator of the Special Senate Committee Investigating the National Defense Program.

I have read the affidavit of Wallace H. Faulk in reference to La Plante Choate bulldozer No. 100. According to Mr. Faulk, this bulldozer is an attachment to be used with tractor No. 9, which is the property of the Oman Construction Company. According to the equipment rental schedule of the Office of the Quartermaster General, a tractor valued at \$4,000 would rent for approximately \$160 per month, and a bulldozer valued at \$1,200 would rent for approximately \$54 per month from second-party owners. Inasmuch as this tractor No. 9 and bulldozer No. 100 carried a total valuation of \$5,000 and a monthly rental of \$260 per month, it is apparent that approximately \$50 of the total rental was for the use of the bulldozer attachment.

Mr. Faulk concedes, in his affidavit, the fact that the bulldozer attachment remained idle, and the question can properly be raised as to why this item of equipment was not returned to the owner, thereby permitting a lower rental rate for the tractor itself, which was the only part of the equipment used.

(Signed) PHILIP W. HARRISON.

Sworn to and subscribed to before me, at Minden, Louisiana, January 23, 1942, County of Webster.

[SEAL]

NANCY LEE,
Notary Public, (Lifetime Commission).

AFFIDAVIT No. 53

[In connection with this affidavit see Memorandum No. 53-A on p. 3506]

STATE OF TENNESSEE,
County of Carroll

Personally appeared before me, the undersigned Notary Public in and for said State and County, John McInerney, who being duly sworn, deposed as follows:

My name is John McInerney. I am General Superintendent of Construction for the Ferguson-Oman Company on the two Milan Tennessee projects.

I understand that Mr. J. F. McCarthy testified at the Senate Hearing at Memphis, Tennessee on November 18, 1941 in regard to a Bucket Catapillar Crane, #528. It is true that this piece of equipment broke down on Saturday night, August 16, 1941 and was thereafter idle for the period, August 18, 19, 20, 21 and 22nd. while repairs were being made on it. This piece of equipment was under my general charge, and I had the Assistant Mechanical Superintendent, Mr. T. E. Smith, who worked under me, in charge of getting this piece of equipment back into operation.

The crew on this particular piece of equipment consisted of only two men, an operator and an oiler. Mr. Smith held this crew of two men, having them make minor adjustments on this particular piece of equipment and having them available as an emergency relief crew for August 18, 19, and 20.

When the repairs had not been completed by August 20, the crew, consisting of the operator and the oiler were removed from this equipment #528 as they had completed all the work that they could do on the same, and they were stationed in Building 181-A as an emergency relief crew.

On the night of August 22, the crew went to work in operating machine #409 and worked on the shift from 2:00 P. M. until 10:00 P. M. of that date.

It was absolutely necessary for us to keep this crew as at that particular time it was nearly impossible to get competent operators of such equipment, and we had instances of other Government projects trying to get such crews away from us all during this period. It is customary in the construction business, whether the work is being done on a Government project or a private project, to keep such crews on the payroll until the machine is repaired, for there is no way of telling how long it will take to make the repairs.

This particular crew, while on the payroll, were either actually engaged in making what adjustments they could on this machine, and after completing this work on minor adjustments which they were competent to make, they were used while on the payroll as an emergency crew.

JOHN MCINERNEY.

Subscribed and sworn to before me this 24 day of November, 1941.

[SEAL]

WINFRED H. LANCASTER, *Notary Public.*

Registered as a Notary Public in Henderson, Carroll, and Gibson Counties, Tenn., as provided by Chap. 193, Public Acts of Tennessee 1935.

My Commission Expires July 10th, 1945.

MEMORANDUM No. 53-A

MEMORANDUM

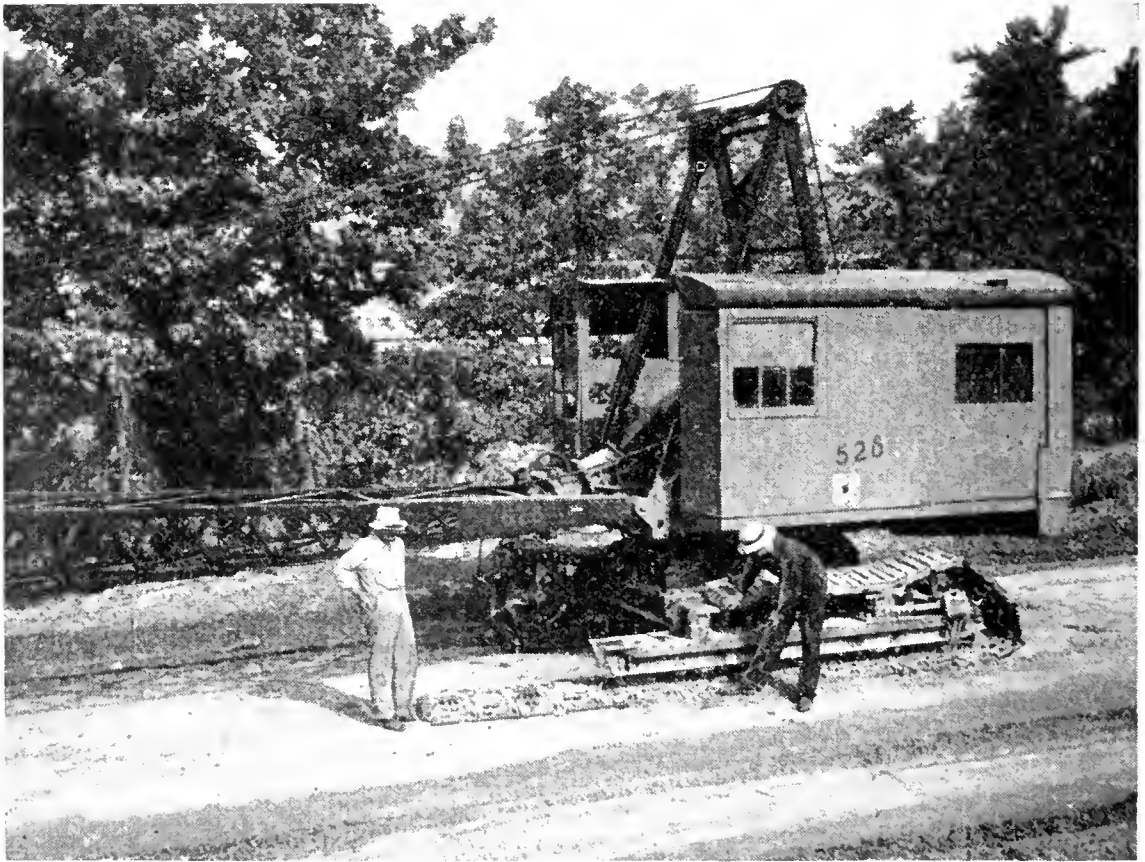
In connection with the affidavit of John McInerney pertaining to Caterpillar crane No. 528 there is attached the photographs and schedules from which Joseph F. McCarthy testified (196) that he was not familiar with the origin of the report, but testified only from details contained in the report. Mr. McInerney's affidavit states as follows:

"The crew on this particular piece of equipment consisted of only two men—an operator and an oiler."

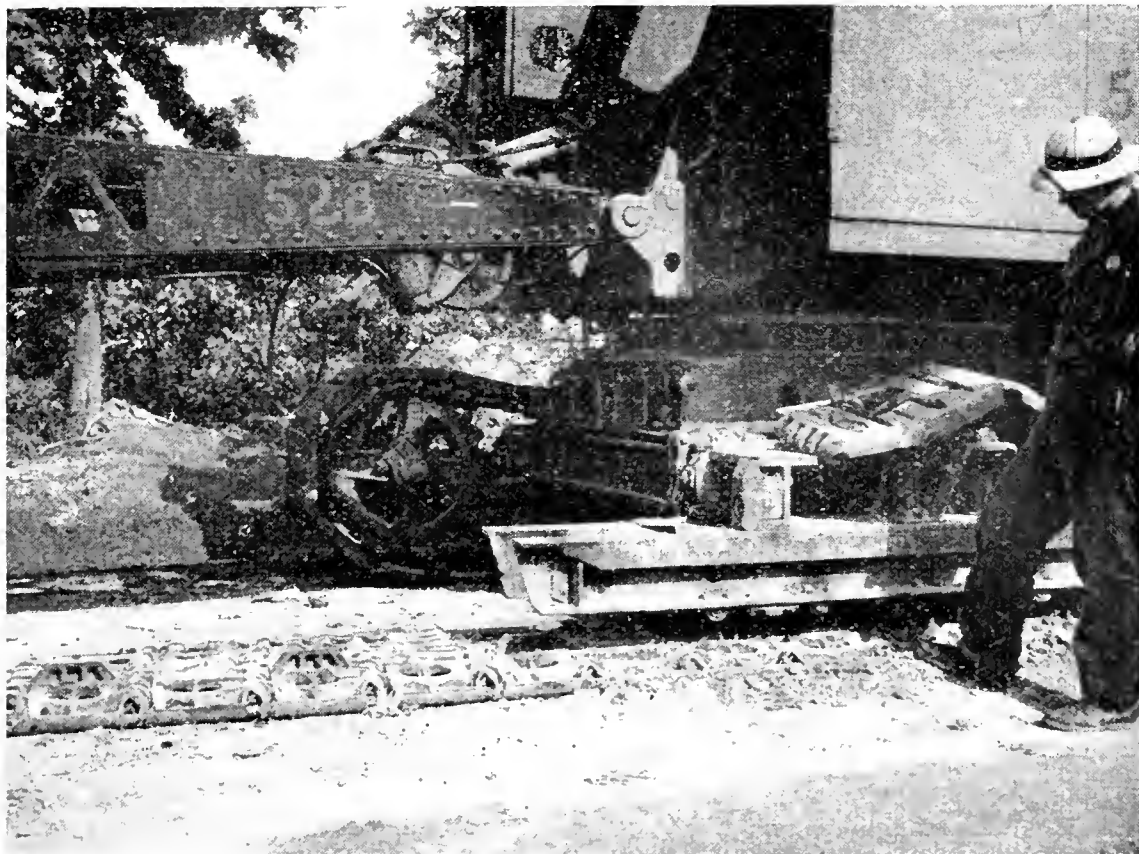
In this connection reference is made to the attached report wherein the time for the following individuals is shown to have been charged to this piece of equipment:

E. W. White, Jr., Operator.
John Osborn, Operator.
Warren Eicholt, Rigger.
Frank Culp, Rigger.
C. E. Rogers, Oiler.
R. Marcer, Oiler.

[Exhibit No. 1 attached to Memorandum No. 53-A]



[Exhibit No. 2 attached to Memorandum No. 53-A]



[Exhibit No. 3 attached to Memorandum No. 53-A]

NORTH WEST ENGINEERING COMPANY

CHICAGO, ILLINOIS

Manufacturer of 1938 Model North West Drag Line No. 5.

Owner: S. V. Funk, 789 McLean Blvd., Memphis, Tennessee.

Drag Line shipped from Memphis, Tennessee, July 5, 1941.

This equipment located on U. S. Reservation Wolf Creek Ordnance Plant, Milan, Tennessee, in Area P-West, between igloos No. 26 and No. 27, CQMC No. 528 Bucket Crane.

This equipment has been broken down since August 8, 1941.¹

Appraised value \$12,000.00. Lien ----- Rental monthly \$1100.00.
Rate hours 1-52778.

Rental started July 5, 1941, rental ends approximately October 5, 1942.

Additional items attached bucket 1½ yds. Omaha No. 06. Has light plant Kohler No. A-1719.

Remarks: This machine shows wear generally; propeller shaft bushings worn, appear loose sprockets and tracks and rails worn. All rollers, bushings and pins worn. Front and top and bottom all loose. Swing pinion worn badly. XLV feet beam and bucket shows wear, weaves in fairlead bad, also one in beamhead, subject to enough cable to rig hoist.

8/1/41. Paid to owner: \$953.33.

Time: July 14th 15th 26th 28th 29th 30th 31st.

12 16 16 8 8 16 12 88 hrs. actual time worked.
536 hours plus time.
624 hours payment time.

¹ Date encircled.

Working time for following employees shown on time records from August 18th to 22nd inclusive:

C. W. White, Jr., Badge No. 8956, Classification Crane Operator, rate \$1.50.

Foreman D. J. Kelly, ok'd White's time for 18th, 19th, and 20th.

Foreman F. Anderson ok'd White's time for 21st.

Foreman J. B. Gordon ok'd White's time for 22nd.

John Osborne, Badge No. 8949, Classification Crane Operator, rate \$1.50 per hour.

Foreman Leo Robertson ok'd Osborne's time for 18th, 19th, and 20th.

J. F. Newsom ok'd Osborne's time for 21st.

Joe W. Stidling ok'd Osborne's time for 22nd.

Warren Eichholt, Badge No. 8115, Classification rigger, rate \$1.50 per hour.

B. J. Kelly ok'd Eichholt's time for 18th, 19th, and 20th.

F. Anderson ok'd Eichholt's time for the 21st.

Frank Culp, Badge No. 8004, Classification rigger, rate \$1.50 per hour.

Leo Robertson ok'd Culp's time for 18th, 19th, and 20th.

J. F. Newsom ok'd Culp's time for 21st.

T. E. Smith ok'd Culp's time for the 22nd.

C. E. Rogers, Badge No. 6941, Classification oiler, rate .75¢ per hour.

B. J. Kelly ok'd Rogers time for the 18th.

J. B. Gordon ok'd Rogers' time for the 19th.

F. Anderson ok'd Rogers' time for 20th and 21st.

J. W. Stidling ok'd Rogers' time for the 22nd.

R. Marcer (?), Badge No. 62881, Classification oiler, rate .75¢ per hour.

Leo Robertson ok'd Marcer's time for the 18th, 19th, and 20th.

J. F. Newsom ok'd Marcer's time for the 21st.

AFFIDAVIT No. 54

[In connection with this affidavit see Affidavit No. 46-A on p. 3478.]

STATE OF TENNESSEE,
County of Carroll.

Personally appeared before me the undersigned authority, George Murdock, who being duly sworn, deposed as follows:

My name is George Murdock and I am employed by the Ferguson-Oman Company on the Wolf Creek Ordnance Plant in the Milan Ordnance Depot as an accountant. My duties include the keeping of complete records on rental equipment and payment of the sums due the lessors of such equipment.

I understand that certain testimony has been offered before the Senate Investigating Committee reference to the changing of numbers of equipment by Mr. McCarthy, who was, and is, Chief Tool and Equipment Inspector on these projects.

All of this rental equipment when received on the job was duly approved by the Constructing Quartermaster's office, including a representative from the Chief Tool and Equipment Inspector's office of the Constructing Quartermaster's Department. It was given a number by the Chief Tool and Equipment Inspector from the Constructing Quartermaster's office, which was known as a government number. Each piece of equipment was given a different number and the records thereafter on this equipment were indexed and carried by these numbers.

Or, or about Sunday, September 7, 1941, Mr. McCarthy, without the permission of the contractor or of his superior, the Constructing Quartermaster, proceeded to have equipment numbers changed; the method being that his representative simply went on the job and started painting over the old numbers of the equipment and painted on different and new numbers. Such a procedure from an accounting and business standpoint was very bad and the results would have been disastrous to the interests of the Government, in view of the fact that with the numbers changed the Accounting Department's records would not have been based on the correct identification. The further results would have been that by changing numbers on the many pieces of equipment the rental accruing on one piece of equipment might have been charged to another; that it was very likely under such a situation the lessor of the equipment might have been paid twice; the records as to time worked on the equipment would not have been accurate and would have been greatly confused. This would have been the result, whether or not the intention in changing the equipment numbers was to obtain such a result.

Immediately upon being notified of this, the Accounting Department through the proper head of Ferguson-Oman Company notified the Quartermaster of this strange and confusing step undertaken by Mr. McCarthy without the permission of either the Quartermaster or the contractor. Fortunately, the Quartermaster instructed Mr. McCarthy to replace the original numbers on this equipment so that the Accounting Department's records could be properly kept without further confusion caused by reason of Mr. McCarthy's actions.

Such a procedure from an accounting and record-keeping standpoint was very unsound.

GEORGE C. MURDOCK.

Sworn to and subscribed before me this the 29th day of November, 1941.

[SEAL]

WINFRED H. LANCASTER, *Notary Public*.

Registered as a Notary Public in Henderson, Carroll, and Gibson Counties, Tenn., as provided by Chap. 193, Public Acts of Tennessee 1935.

My Commission Expires July 10th, 1945.

AFFIDAVIT No. 55

[In connection with this affidavit see Memorandum No. 55-A on p. 3515.]

STATE OF TENNESSEE,

County of Gibson.

Personally appeared before me the undersigned authority, Wallace H. Faulk, who being duly sworn deposed as follows:

My name is Wallace H. Faulk and I am employed by the Ferguson-Oman Company as General Superintendent, Utilities Construction, on the Wolf Creek Ordnance Plant and the Milan Ordnance Depot.

Under date of August 7, 1941, a communication was received from Lt. B. J. Nickelsen, Property Officer, signed by Lt. Nickelsen's superior, Captain Glen E. Hofto, Constructing Quartermaster, and addressed to the Ferguson-Oman Company, subject "Release of Idle Equipment", and attached to this letter was a list of equipment which was the subject of the Quartermaster's inquiry.

The letter and list of equipment from the Quartermaster was referred through the proper channels to the Building Division of the project for a report covering equipment which was assigned to them and which appeared on this list, and similarly the letter from the Constructing Quartermaster and list was referred to the Utilities Construction Division of the Project for a report of the equipment assigned to this division which appeared on the list from the Constructing Quartermaster's office.

Thereafter, a report was submitted from the Building Division of the project covering this equipment, and a report was submitted by the Utilities Construction Division covering the equipment, which reports were submitted to the Constructing Quartermaster's office through the proper channels.

I attach hereto and make Exhibit 1 to this affidavit the file containing the photostats of the inquiry and list from the Constructing Quartermaster's office and the report on the equipment filed by each department in reply to the Constructing Quartermaster's request for a report, which are self explanatory.

W. H. FAULK.

Subscribed and sworn to before me this 29 day of November, 1941.

[SEAL]

O. W. JONES, *Notary Public*.

My commission expires 20 day of May, 1941.

[Exhibit 1 attached to Affidavit No. 55]

AUGUST 7, 1941.

Lt. B. J. NICKELSEN,

Ferguson-Oman Company.

Release of Idle Equipment.

1. Attached hereto find list showing the approximate idle time on various pieces of equipment on this project. If the equipment is used 50% of the time, or more, it should not be released; but, where equipment is used consistently less than 50%

of the time, there is a very definite indication that it is not rendering continuous and efficient service as is called for on the rental agreement, and should be released from this project. You will notice on the attached report that there are a great number of pieces that have been idle between 90% and 100% of the time, which reveals very clearly that these should be released at once.

2. Please furnish this office immediately with a report either as to why this equipment has been kept on the job and when you intend to release same, or give very definite reasons as to why it should be kept on the job.

GLEN E. HOFFO,
Captain, Quartermaster Corps,
Constructing Quartermaster.

1 Incl.
List of Equip.

Report showing approximate time on listed equipment month of July

U. S. W. C.	Name	B/D or Idle	50% of time or more
5	✓Tractor, Caterpillar RD-8. R. C. Wayne	B/D	60%
10	✓Tractor, Caterpillar RD-7. W. & Prater	Idle	65%
11	✓Tractor, Caterpillar RD-7. "	Idle	74%
12	Tractor, Allis Chalmers HD-14	Idle, approx. 35%	
13	Tractor, Allis Chalmers HD-14	Idle approx. 30%	
15	Tractor, Caterpillar RD-7	Idle Approx. 95%	
17	Tractor, Caterpillar RD-7	Idle	90%
19	Tractor, Caterpillar RD-7	Idle	90%
32	Tractor, Caterpillar D-4	B/D	75%
39	Tractor, Allis Chalmers HD-7	B/D	80%
40	✓Tractor, Caterpillar, RD-8. R. C. Wayne	B/D	40%
46	Tractor, Caterpillar RD-8	B/D Approx. 45%	
56	✓Tractor, Caterpillar D-4. Taylor, H	B/D & idle	90%
89	✓Tractor, Allis Chalmers. Doc	B/D	80%
90	✓Tractor, Caterpillar—40. Oman	Idle	50%
A-2	Tractor, International TD-14		55%
A-5	✓Tractor, Caterpillar RD-7. Tri. St	Idle	65%
A-40	✓Tractor, Caterpillar D-6. Taylor, H	Idle	85%
100	✓Bulldozer, LaPlante Choate. Oman	Idle	100%
104	✓Bulldozer, LeTourneau. Taylor, H	Idle	55%
110	✓Bulldozer, Allis Chalmers (Baker). Dalrymple	Idle	95%
115	Angledozer, LeTourneau	Idle	100%
124	✓Dozer, LeTourneau. Taylor, H	Idle	80%
129	✓Angledozer, LeTourneau. Ray C. W	Idle	100%
130	✓Angledozer, LeTourneau	Idle	90%
137	✓Bulldozer, LeTourneau. Tri. St	Idle	98%
201	✓Power Unit, Athey. Oman	B/D & idle	100%
212	✓Power Unit, LaPlante Choate. W. & Prater	Idle	99%
233	Power Unit, LeTourneau	B/D & idle	100%
235	✓Power Unit, LeTourneau. Taylor, H	B/D & idle	99%
250	✓Power Unit, LeTourneau. Oman	B/D & idle	98%
297	✓Power Unit, LeTourneau. Taylor, H	B/D & idle	50%
302	Shovel, Kochring	B/D	99%
308	Backhoe, Insley	B/D & idle	96%
501	Dragline, Kochring	Idle	100%
800	✓Sheepfoot Roller. Couch	Idle	99%
802	✓Sheepfoot Roller. Oman	Idle	100%
803	✓Sheepfoot Roller, single. Oman	Idle	100%
806	Sheepfoot Roller	B/D approx. 40%	
818	✓Whobble wheel roller. Couch	Idle	60%
900	✓Plow, LeTourneau rooter. W. & Prater	Idle	100%
901	Calcium Chloride spreader	Idle	100%
903	Air Compressor	B/D	100%
901	Air Compressor	B/D	100%
906	✓Pile Driver Rig. E. A. Ham	Idle	100%
907	Large Compressor	Idle	100%
908	✓LeTourneau Rooter. Oman	Idle	100%
913	Clamshell Bucket, Blaw Knox	Idle	100%
918	Compressor	Idle	95%
921	Clamshell Bucket	Idle	100%
928	✓Rooter, Garwood. Dalrymple	Idle	98%
930	✓LeTourneau Rooter. Pittman	Idle	99%
932	Clamshell Bucket	Idle	98%
933	Dragline Bucket	Idle	98%
935	Air Compressor	B/D	100%
936	Air Compressor	Idle	100%
943	Clamshell Bucket	Idle	100%
944	Clamshell Bucket	Idle	98%
945	Clamshell Bucket	Idle	99%
946	Clamshell Bucket	Idle	98%

Report showing approximate time on listed equipment month of July—Continued

U. S. W. C.	Name	B/D or Idle	50% of time or more
950	Clamshell Bucket	Idle	98%
956	Bottom Dump Bucket	Idle	100%
959	Bottom Dump Bucket	Idle	100%
960	Bottom Dump Bucket	Idle	100%
961	Bottom Dump Bucket	Idle	99%
962	Bottom Dump Bucket	Idle	98%
963	Bottom Dump Bucket	Idle	99%
965	Bottom Dump Bucket	Idle	100%
966	Bottom Dump Bucket	Idle	70%
971	Floor concrete hopper	Idle	100%
972	Concrete hopper	Idle	99%
974	Air Compressor	B/D & idle	98%
975	Air Compressor	Idle	85%
978	Floor Sander	Idle	95%
991	Compressor	Idle	93%
992	Compressor	Idle	92%
993	Compressor	Idle	92%
994	Compressor	Idle	94%
A-909	✓ Pole setting frame. Oman	Idle	92%
A-928	Key seat machine	Idle	99%
A-929	Pipe threading machine	Idle	99%
A-931	Electric grinder	Idle	98%
A-948	✓ Disc Harrow. Oman	Idle	87%
A-951	✓ Drop hammer and follower block. Choctaw	Idle	80%
A-952	✓ Pile driver leads. Choctaw	Idle	80%
A-960	Pipe threader	Idle	100%
A-961	Pipe threader	Idle	100%
A-963	Pipe threader	Idle	98%
A-964	Pipe threader	Idle	98%
A-975	Table saw, deWalt	B/D & idle	99%
A-985	Tank Car	Idle	85%
A-986	Tank Car	Idle	85%
A-988	Tank, 1100 gal	Idle	95%
A-989	Tank, 1100 gal	Idle	99%
A-990	Tank, 1100 gal	Idle	99%
A-991	Tank, 1100 gal	Idle	99%
A-992	Tank, 1100 gal	Idle	99%
A-993	Flat Car	Idle	98%
A-994	Side dump car	Idle	97%
A-995	Dump ear	Idle	97%
A-996	Dump Car	Idle	97%
A-997	Dump car	Idle	97%
A-998	✓ Push car. I. C. R. R	Idle	99%
B-904	Dragline bucket	Show on daily report as on call.	
B-929	Trailer, John Deere	Government owned	
1002	Scraper, LeTourneau	B/D & idle	60%
1003	✓ Scraper, LeTourneau. Taylor, H.	B/D & idle	50%
1035	✓ Scraper, LeTourneau. R. C. Whayne	Idle	50%
1038	✓ Scraper, LeTourneau. "	Idle	65%
1160	✓ Tractor Wagon. Oman	Idle and b/d	95%
1101	✓ Tractor Wagon. "	b/d & idle	98%
1102	Tractor Wagon	b/d & idle	98%
1103	Tractor Wagon	b/d & idle	95%
1104	Tractor wagon	B/D	100%
1105	Tractor Wagon	Idle	98%
1106	Tractor Wagon	Idle	98%
1107	Heavy hauling tractor wagon	Idle & b/d	100%
1108	Tractor wagon	Idle & b/d	98%
1109	Crawler wagon	Idle	98%
1110	Crawler wagon	Idle	65%
1111	✓ Crawler wagon. Oman	Idle	60%
1112	Crawler wagon	Idle	60%
1113	Smith wagon	Idle & b/d	98%
1114	Crawler wagon	Idle	50%
1115	Crawler wagon	Idle & b/d	97%
1200	✓ Heavy hauling equipment. Oman	Idle	60%
1201	✓ Heavy hauling equipment. "	Idle & b/d	65%
1202	Heavy hauling equipment	B/d & idle	100%
1310	Vibrator	B/d	100%
1311	Vibrator	B/d	100%
1312	Vibrator	B/d	100%
1314	Vibrator	B/d	100%
1315	Vibrator	B/d	100%
1316	Vibrator	Idle	100%
1317	Vibrator	B/d	100%
1330	Vibrator	B/d	100%
1331	Vibrator	B/D	100%
1332	Vibrator	B/D	100%
1333	Vibrator	B/D	100%

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Report showing approximate time on listed equipment month of July—Continued

U. S. W. C.	Name	B/D or Idle	50% of time or more
1334	Vibrator	B/D	100%
1335	Vibrator	B/D	100%
1336	Batch Bins	Idle	100%
1337	Batch Scales	Idle	90%
1353	Vibrator	B/D	98%
1358	Vibrator	B/D	99%
1361	Vibrator	B/D	99%
1377 to 1389	Vibrators	Idle Approx	100%
1600's	About 40 water pumps out of 82 are idle or B/D over 50% of time.		
1901	✓ Asphalt feeder tank. Cinch	Idle	95%
1903	✓ Transfer Pump. Choctaw	Idle	98%
1907	✓ Asphalt Leveler & finisher. R. B. Tylor	Idle	65%
1909	Tar Kettle	Idle (18th-31)	99%

CONSTRUCTION EQUIPMENT

AUGUST 22, 1941.

To: Mr. C. G. Atkin.
From: Mr. E. C. Sheets.

Attached is a list of equipment consigned to the Construction Department and in use by this Department. You will note our comments in connection with various items of equipment, that are made in accordance with Capt. Hofto's letter to Lt. Nickelsen under date of August 7th.

The items of equipment which are marked idle in certain areas can be considered as an item of insurance and as otherwise explained in the note at the bottom of the page.

We have checked over the full list of equipment innumeraated by Capt. Hofto. The Construction Department's list, together with Mr. Faulk's list, will constitute the entire items of equipment innumeraated by Capt. Hofto.

E. C. SHEETS.

ECS:EF

List of equipment

	Kind of Equipment	Comments
A-11	Tractor, Caterpillar, RD-7	Working MOD. Mr. Bell, Supt. Building Construction. Ferguson-Oman.
A-12	Tractor, Allis Chalmers, HD-14	Working Area D. Will be working through entire job.
A-13	Tractor, Allis Chalmers, HD-14	In garage for repairs. Will be needed as soon as repaired. Til duration of job.
A-15	Tractor, Caterpillar, RD-7	Transferred to Midwest Construction Co. Will be needed until the completion of the South Area.
A-32	Tractor, Caterpillar, D-4	Working at Sewage Disposal. Will be needed in the new areas opening in north area.
302	Koehring Shovel	Working in Area L. Recently transferred to this department and will be needed in the new areas for foundation work.
918	Air Compressor	Working in Area L. for the past six weeks.
936	Air Compressor	Recently acquired by this department. Has been working in Area X and will be transferred to Midwest Construction Co.
975	Air Compressor	Has been idle for the past three days, but due to other compressors being transferred to Midwest, will be needed in North Area.
1605	Water Pump	Idle in Area G.
1609	Water Pump	Idle in Area G.
1615	Water Pump	Idle in Area K.
1622	Water Pump	Idle in Area K.
1624	Water Pump	Idle in Area B.
1633	Water Pump	Idle in Area D.
1655	Water Pump	Working at Sewage Disposal.
1658	Water Pump	Idle in Area L.
1677	Water Pump	Idle in Area P West.
1679	Water Pump	Idle in Area P-West.
1678	Water Pump	Idle in Area P-West.
1680	Water Pump	Idle in Area D.
	(Are holding the balance of these pumps for completion of excavation in North Area).	(The above pumps are used for wet excavation and, due to extremely dry weather, most of them have been idle. 8 of the pumps are going to be transferred to the Midwest Construction Co.)

List of equipment—Continued

	Kind of Equipment	Comments
1612	Water Pump.....	Transferred to Midwest Construction Co.
1621	Water Pump.....	Transferred to Midwest Construction Co.
1623	Water Pump.....	Transferred to Midwest Construction Co.
1634	Water Pump.....	Transferred to Midwest Construction Co. (This leaves a balance of 4 pumps to be transferred to the Midwest Construction Co.)
1625	Water Pump.....	} These two pumps are to be terminated.
1626	Water Pump.....	
1616	Water Pump.....	
		This machine is being repaired and will be used in case of emergency.
956	Concrete Bucket.....	Working in Area B.
957	Concrete Bucket.....	Idle in Area K.
958	Concrete Bucket.....	Working in Area L.
959	Concrete Bucket.....	Working in Area L.
961	Concrete Bucket.....	Working in Area B.
962	Concrete Bucket.....	Idle in Area G.
963	Concrete Bucket.....	Idle in Area L.
964	Concrete Bucket.....	Working in Area P-West.
965	Concrete Bucket.....	Idle in P-West.
966	Concrete Bucket.....	Transferred to Midwest Construction Co. With Crane #523.
967	Concrete Bucket.....	Working in Area D. (Most of these buckets have been idle during the month of July, but since the first of August, they have been used consistently.)
1311	Vibrator.....	} These vibrators are in for repairs.
1313	Vibrator.....	
1316	Vibrator.....	
1317	Vibrator.....	
1343	Vibrator.....	
1346	Vibrator.....	
1358	Vibrator.....	
1369	Vibrator.....	
1376	Vibrator.....	
1383	Vibrator.....	
1384	Vibrator.....	} These machines are new and we believe Gov. owned. Effort will be made to return to vendor for credit. If not Gov. owned these can be terminated. These machines were purchased for use in M. O. D. before it was known that this work would be sub-contracted. Mid West Co. will not use this type of equipment.
1385	Vibrator.....	
1386	Vibrator.....	
1387	Vibrator.....	
1388	Vibrator.....	
1389	Vibrator.....	
1390	Vibrator.....	
1393	Vibrator.....	
1394	Vibrator.....	
1300	Vibrator.....	
1309	Vibrator.....	} This list of Vibrators is being used throughout the North Area. These should not be terminated until construction is further advanced.
1312	Vibrator.....	
1318	Vibrator.....	
1315	Vibrator.....	
1334	Vibrator.....	
1330	Vibrator.....	
1345	Vibrator.....	
1347	Vibrator.....	
1349	Vibrator.....	
1350	Vibrator.....	
1353	Vibrator.....	
1354	Vibrator.....	
1355	Vibrator.....	
1356	Vibrator.....	
1357	Vibrator.....	
1358	Vibrator.....	
1359	Vibrator.....	
1360	Vibrator.....	
1361	Vibrator.....	
1365	Vibrator.....	
1366	Vibrator.....	
1367	Vibrator.....	
1377	Vibrator.....	
1392	Vibrator.....	

G. R. BYRD.

REPORT OF EQUIPMENT

AUGUST 21, 1941.

To: Mr. C. G. Atkin, Project Manager.
From: W. H. Faulk.

With reference to letter dated August 7, 1941, from the Constructing Quartermaster's office referring to idle equipment, a list of the equipment having been

attached, you are advised the list of equipment attached is assigned to the various departments under this office with notations regarding same.

This list has been referred to the Building Department for any comments or disposition that they care to make.

whf:t
encl

W. H. FAULK.

(Pencil notation:) Return to Faulk.

List of Equipment

Gov't No.	Kind of equipment	Comments
8	Tractor, Caterpillar, RD-8	Was down for repairs—now working for Road Division.
71	Tractor, Caterpillar, RD-7	This tractor was with the Railroad Division, has been terminated.
	Tractor, Caterpillar, D-4	Was down for repairs—now working for Road Division.
40	Tractor, Caterpillar, RD-8	This tractor now working for Railroad Division.
56	Tractor, Caterpillar, D-4	This tractor now working for Railroad Division.
89	Tractor, Allis-Chalmers	Was down for repairs, now working for Road Division.
90	Tractor, Caterpillar—40	Has been assigned to Electrical Division, to be put to work 8-22 or 8-23.
A-5	Tractor, Caterpillar, RD-7	Is in repair shop being worked on, to be used by Railroad Division on completion of repairs.
A-40	Tractor, Caterpillar, D-6	Was down for repairs, now working for Railroad Division.
100	Bulldozer, LaPlante Choate	Is working on Tractor #9—tractor and dozer has been loaned to the Building Department.
104	Bulldozer, LeTourneau	Working on Tractor #32 for Road Division.
110	Bulldozer, Allis Chalmers	Is working on tractor #39, is broken down and Mr. Ewing of Railroad Division, recommends termination of same.
124	Bulldozer, LeTourneau	Now working for Road Division.
129	Angledozer, LeTourneau	
130	Angledozer, LeTourneau	Working on tractor #60, Railroad Division.
137	Bulldozer, LeTourneau	Is now in repair shop for repairs. To be used by Railroad Division when finished.
201	Hydraulic Power Unit, Athey	Was working on Tractor #6 pulling hydraulic dump wagons—wagons not being used now.
212	Power Unit, LaPlante Choate	Working on tractor #16, is being used by Soil Erosion Department.
235	Power Unit, LeTourneau	Working on tractor #65, Road Division.
250	Power Unit, LeTourneau	Working on tractor #59, Road Division.
297	Power Unit, LeTourneau	Working on tractor #57, Road Division.
800	Sheepfoot Roller	Is now working in Railroad Division.
802	Sheepfoot Roller	Is now working for Road Division.
803	Sheepfoot roller	Is to be used by Railroad Division.
818	Wobble Wheel Roller	Now being used by Road Division.
900	LeTourneau Rooter Plow	Being used by Railroad Division.
906	Pile Driver Rig	Now working, Road Division, was waiting on piling for bridges.
908	LeTourneau Rooter Plow	Is used by Road Division when unusually hard ground is encountered—needed by this Department.
928	Rooter Plow, Garwood	Working for Road Division, Sand Pit #4.
930	Rooter Plow, LeTourneau	Working for Road Division, Milan Ordnance Depot.
A-909	Pole Setting Frame	Electrical Division has no use for this frame at this time as all poles are set in the W. C. O. P. If heavy poles are to be used in M. O. D. this piece of equipment will be needed. No plans are available for this work in M. O. D. to date.
A-984	Disc Harrow	Is in shop for repairs, Paving Department will use same when it is released.
A-951	Drop Hammer & Follow Block	Has been idle, now working for Road Department. Has been waiting for piling for igloos.
A-952	Pile Driver Leads	Now being used by Road Division, driving piling.
1003	LeTourneau Scraper	Now working for Road Division, tractor was broken down and scraper was idle waiting for repairs.
1035	LeTourneau Scraper	Working on Tractor #82, Railroad Division.
1038	LeTourneau Scraper	Working for Road Division, was idle waiting on tractor.
1100	Tractor Wagon	This heavy equipment is not needed unless bad weather is encountered. During bad weather this equipment is in constant use.
1101	Tractor Wagon	
1111	Crawler Wagon	
1200	Heavy Hauling Equipment	
1201	Heavy Hauling Equipment	
1901	Asphalt Feeder Tank	At times this tank is needed, is not in use at all times.
1903	Transfer Pump	At the time this pump was requisitioned, it was anticipated that more prime would be used than has been used on this project. Recommend termination of this pump.
1907	Asphalt Leveler & Finisher	Recaptured by U. S. Government.
1909	Tar Kettle	This kettle is now being used by Paving Department.
A-998	Push Car	This push car is used daily by the Railroad Division.

MEMORANDUM No. 55-A

MEMORANDUM

In connection with the foregoing affidavit of Wallace H. Faulk, there is attached as an Exhibit a photostatic copy of the idle equipment report in full which is previously set out as Exhibit No. 160, *supra*, p. 3286.

Mr. Faulk also attaches as an exhibit the correspondence between the Constructing Quartermaster and the Contractor in connection with this schedule.

Mr. Faulk, however, fails to attach a follow-up letter written by the Constructing Quartermaster on August 20 in order to obtain an answer to his previous letter of August 7. (See Exhibit 213 and 214). It is noted from Mr. Faulk's exhibit that on August 21 a portion of the list was referred to the Building Department "for any comments or disposition they care to make."

The following affidavits are included in the record in connection with the testimony of Philip Harrison, *supra* pp. 3009-3012, 3029-3034.

AFFIDAVIT No. 56

[In connection with this affidavit see Affidavit No. 56-A below.]

STATE OF TENNESSEE,

County of Carroll:

Personally appeared before me, the undersigned Notary Public in and for the said State and County, William J. Humphrey, who being duly sworn, deposes and says:

My name is William J. Humphrey, and I am employed as Labor Straw Boss by the Ferguson-Oman Company on the Wolf Creek Ordnance Plant and the Milan Ordnance Depot. I have been so employed since May 1941. At the present time I live at Trenton Tennessee.

Before I came to work for the Ferguson-Oman Company, I was employed by Starrett Brothers & Eken at Camp Blanding Florida. I was Superintendent of Transportation at Camp Blanding, and the issuing of trucks came under my jurisdiction on that job. In order to transport laborers from Starke, Florida to the project, we established a Convoy system and Mr. Philip W. Harrison was placed in charge of this system. His job was to use certain trucks to meet the train at Starke Florida and to haul them to the project. After the day's work was done, he was to transport the laborers back to the train. This constituted his sole responsibility at Camp Blanding. The trucks, during the day, were used on the project but were not under his control.

At the peak of the employment at Camp Blanding, there were only twenty-two (22) trucks under Mr. Harrison's supervision.

I understand that before Mr. Harrison was employed at Camp Blanding that he was in the insurance business in Jacksonville, Florida, for about ten (10) years.

WILLIAM J. HUMPHREY.

Subscribed and sworn to before me this 21 day of November, 1941.

[SEAL]

WINFRED H. LANCASTER, *Notary Public*.

Registered is a Notary Public in Henderson, Carroll, and Gibson Counties, Tenn., as provided by Chap. 193, Public Acts of Tennessee 1935.

My commission Expires July 10th, 1945.

AFFIDAVIT No. 56-A

I, Philip W. Harrison, having been sworn previously in this proceeding, make the following statement in the further support of my testimony to Mr. H. G. Robinson, knowing him to be an Investigator of the Special Senate Committee Investigating the National Defense Program.

I have read the affidavit of William J. Humphreys, and to my knowledge he was never Superintendent of Transportation at Camp Blanding, Florida. He had been a private chauffeur to John McInerney, Project Superintendent, at the time they worked on the World's Fair project, and McInerney brought him to Blanding at a time when Mr. Winn was Superintendent of Transportation Equipment. Mr. Winn was assisted in his work by Mr. Robert Barnes and there was one motor pool being operated at that time and was placed under the supervision of Howard Miller, brother of Oscar E. Miller. Subsequently, a new truck lot was constructed and Mr. William Humphreys was placed in charge of that truck lot. He had mentioned to me that he would take over the supervision of both lots eventually. Whether this was accomplished or not I do not know, and at the time I left the project Miller was operating his lot and Humphreys was operating the new lot. The convoy division under my supervision worked off the lot operated by Howard Miller and was then transferred to the jurisdiction of the Personnel Department under Mr. Oscar E. Miller. Mr. Humphreys contends that at the peak of employment there were only 22 trucks under my supervision. In this connection I can state positively that the number varied from 40 to 50 trucks used for the transportation of approximately 1,000 men over 9 miles to Starke, Florida, which would have been a physical impossibility with only 22 trucks.

I am attaching to my affidavit copies of letters written by Oscar E. Miller, Director of Personnel, and Russell Houldin, his successor, indicating that I was

Personnel Transportation Supervisor and within a short period of time transported approximately 100,000 persons without a loss time accident. In Mr. Humphreys' letter he characterized my operation of the convoy system at Camp Blanding in one word, "excellent."

(Signed) PHILIP W. HARRISON.

Sworn to and subscribed to before me, at Minden, Louisiana, January 23, 1942,
County of Webster.

[SEAL]

NANCY LEE,
Notary Public (lifetime Commission).

[Exhibit 1 attached to Affidavit No. 56-A]

JULY 29, 1941.

Mr. MARSCHARDT,
*Room 2119, Railroad Retirement Building,
Corner "C" and Third Avenues, Washington, D. C.*

DEAR MR. MARSCHARDT: I am writing you in behalf of Philip W. Harrison, whom I understand is submitting with this letter his noncompetitive examination, Form #375.

Mr. Harrison worked under my supervision for the firm of Starrett Brothers and Eken, Inc., during the construction of Camp Blanding, Florida. He worked in the capacity of Transportation Supervisor, in which he established an excellent record. He was in charge of the motor convoys handling our personnel transportation, and transported, during a short period of time, approximately 100,000 persons without a lost time accident.

Upon completion of work at Camp Blanding, I brought Mr. Harrison to the Wolf Creek Ordnance Plant at Milan, Tennessee, to handle truck and personnel transportation. In this capacity he supervised approximately 900 employees and over 800 units of equipment. He was instrumental in establishing a very fine bus system for employees to and from the plant and the surrounding communities. This operation has proved to be very profitable for the private operators.

Mr. Harrison has unusual ability to quickly plan, organize, and operate units in transportation. I can highly recommend him to you as a young man with ability, initiative, and in good health, to undertake any position with you where his service might be put to good use in connection with defense work.

Very truly yours

FERGUSON-OMAN COMPANY
O. E. MILLER, *Director of Personnel.*

OEM: bc

[Exhibit 2 attached to Affidavit No. 56-A]

STARRETT BROTHERS & EKEN, INC.,
Starke, Florida, February 12, 1941.

Mr. PHILIP HARRISON,
1269 Dancy Street, Jacksonville, Florida.

DEAR MR. HARRISON: I learned with great regret and surprise this morning that you have accepted a job elsewhere at a higher salary.

I realize, in accepting your resignation, that we are losing a man who has done an excellent job of conveying daily thousands of men in hundreds of trucks without experiencing a single mishap or accident to either the men or the trucks. I refer particularly to your being in charge of the Starrett Brothers and Eken conveying of trucks which transported men between Starke and Camp Blanding and return. This record, as you know, speaks for itself and is described by only one word, "excellent".

Your conscientiousness and desire to do a good piece of work, together with your constant attention to minute details and unfailing fidelity to duty, at the same time feeling a keen responsibility for the job you had to perform leaves nothing to be desired.

Please accept my congratulations and best wishes for your success in your new position.

With kindest personal regards, I am
Yours sincerely

RUSSELL HOULDIN,
Director of Personnel.

RH: c

AFFIDAVIT No. 57

[In connection with this affidavit see Affidavit No. 56-A on p. 3516]

STATE OF TENNESSEE,
County of Carroll.

Personally appeared before me, the undersigned Notary Public in said State and County, Howard Miller, who being duly sworn, deposed as follows:

My name is Howard Miller. I am thirty-four years of age, and at the present time I live in Milan, Tennessee. I am employed as Assistant Superintendent of Transportation by the Ferguson-Oman Company. I am assistant to Mr. John Taylor who is General Superintendent of Transportation and Equipment. I have been employed by the Ferguson-Oman Company in various capacities since about the middle of March 1941. My first job was General Foreman of one of the truck pools maintained by the Ferguson-Oman Company. I was made Assistant Superintendent of Transportation about June 17, 1941.

After I came to work for Ferguson-Oman Company, a Mr. P. W. Harrison, who was one of my superiors, installed a Convoy system consisting of approximately eighty trucks to haul laborers from the various time gates to the job locations. This Convoy system was maintained until shortly before Mr. P. W. Harrison left the employ of the Ferguson-Oman Company about the middle of June 1941, and they were under his supervision all during this time.

As Wolf Creek Ordnance Plant and Milan Ordnance Depot covers an area about fifty miles square, the Ferguson-Oman Company established truck parking pools at various places on the project so that the trucks would be convenient to the various job locations. It was necessary to do this as the different job locations were scattered over such a wide area.

At no time did the Ferguson-Oman Company maintain more than seven of these pools at one time which required the attention of dispatchers and clerks.

Before I was employed by the Ferguson-Oman Company at the Wolf Creek Ordnance Plant and the Milan Ordnance Depot, I was employed at Camp Blanding Florida as Chief Dispatcher of the Transportation pool in the Administration Area. The general contractors at Camp Blanding were Starrett Brothers & Eken. This pool handled the dispatching and servicing of approximately three hundred fifty (350) vehicles. At the same time, there was a truck pool at the Personnel parking lot which accommodated from twelve (12) to twenty-two (22) trucks which were employed in a Convoy system and which was managed by Mr. P. W. Harrison. The number of trucks under Mr. Harrison's supervision never amounted to more than twenty-two (22). The trucks under Mr. Harrison's supervision transported the construction workers to and from Starke, Florida, which was about nine (9) miles from the Camp, and after they brought these workers to the Camp the trucks were assigned to job locations and after the days work was done, these same trucks would transport the construction workers back to the train at Starke. While the trucks were employed in the construction work, they were not under Mr. Harrison's control. It is my understanding that the operation of the Convoy system constituted the sole duties of Mr. Harrison at Camp Blanding.

Mr. Harrison told me that before he was employed by Starrett Brothers & Eken at Camp Blanding Florida, that he had been an insurance agent at Jacksonville, Florida.

HOWARD MILLER.

Subscribed and sworn to before me this 20 day of November 1941.

[SEAL]

WINFRED H. LANCASTER, *Notary Public*.

Registered as a Notary Public in Henderson, Carroll, and Gibson Counties, Tenn., as provided by Chap. 193, Public Acts of Tennessee 1935.

My Commission Expires July 10th, 1945.

AFFIDAVIT No. 58

[In connection with this affidavit see Affidavit No. 58-A on p. 3534; and Affidavit No. 34-A on p. 3453.]

STATE OF TENNESSEE,
County of Carroll.

Personally appeared before me the undersigned a notary public in and for said state and county, John H. Taylor, who being duly sworn, deposed as follows:

My name is John H. Taylor, I am 27 years old, my home is Greenville, Kentucky, but I have been living at Milan, Tennessee since February 1, 1941. Since

that day I have been employed by Ferguson-Oman Company as Superintendent of Transportation and Equipment at Wolf Creek Ordnance Plant and Milan Ordnance Depot. I have had charge of all transportation and trucks, cars, pick up trucks and station wagons used in the construction of said plant. I also have had charge of records on rental equipment as to time and work done by rental equipment, also receiving and terminating equipment.

For the past five and one-half years I have been with Oman Construction Company in various capacities. My last job with it was Project Superintendent.

When I first came on the job we established one truck and car pool behind my office. At that time, where the plant was to be built was just a field and all of the employees lived in out-lying towns, Milan being the closest one, and in order to get the employees to the plant we sent trucks and cars to Milan to bring the employees in. As the work expanded and more and more employees were employed, we established other motor vehicle pools in and around the plant. After the first month, we quit going into Milan for employees and had the equipment meet them at the gates to the plant and transport them to their places of employment. The greatest number of pools ever operated at any one time by dispatchers and clerks at the plant proper was seven. At the present time there are only six such pools.

We began maintaining three transportation pools outside the plant; one at Jackson, Tennessee, one at Trenton, Tennessee and one at Humboldt, Tennessee on August 8, 1941, on a directive ordered from Capt. Glen E. Hofto, CQM. (Exhibit One) I am attaching hereto a copy of the directive order delivered to me for the establishment of these three pools. They have been discontinued as of October 27, 1941 on a directive order from Capt. Glen E. Hofto, CQM. (Exhibit Two) A copy of which I am attaching hereto.

When the work was originally started at the plant, Mr. Phillip W. Harrison was an employee of Ferguson-Oman Company and had charge of lining up bus transportation from the various nearby towns to the plant gates for the employees. At that time he worked under Mr. A. K. Ferguson, but shortly after the work got started, Mr. Harrison was transferred to my department as my assistant and so remained until June 17, 1941, at which time I dismissed him. The reason for his dismissal was refusal to comply with the rules and regulations of my department as established by me with the approval of Mr. W. H. Faulk, General Superintendent. Before I discharged him I took the matter up with Mr. A. K. Ferguson and Mr. W. H. Faulk, and they approved his dismissal.

I understand that Mr. Harrison has testified that he recommended the discontinuance of the convoy system originally used in getting the employees from the gates to their jobs. As a matter of fact, Mr. Harrison, with my approval, instituted the original Convoy system and the same was discontinued on my orders with the approval of Mr. W. H. Faulk. About three or four days before Mr. Harrison was discharged he still insisted that it be maintained but I felt that the system which I put in prior to Mr. Harrison's leaving my department was more economic. He did not like it at all. The reason for the change from Mr. Harrison's plan was that we thought that we would save money by making the change and the new plan would be more efficient.

I understand from the newspaper report from Mr. Harrison's testimony in Memphis, Tennessee, on November 18, 1941 that he claims that there were sixteen motor pools at the plant and three in outlying towns maintained by dispatchers and clerks. At no time while Mr. Harrison was my assistant or during the entire operation of the plant have there been more than seven pools at the plant and the three in out-lying towns where we maintained dispatchers and clerks.

About the middle of May, 1941, in an attempt to reduce the cost of the expense of operating my part of the work, I was present at the conference between Mr. A. K. Ferguson and one of the Army Officers connected with the CQM assigned to the camp, and the suggestion was made that the "Master Re-cap of Vehicle Operation" that had been kept from the beginning of our operating could be eliminated and done away with as the Government could get the same information from other departments, and by agreement between Mr. Ferguson and the CQM, I was directed to stop making out this "Master Re-cap of Vehicle Operation". The making of same required the full services of five of my office help.

After the conference I instructed Mr. Harrison that it had been agreed with the CQM that this record was no longer to be kept. He persisted in continuing to make this report out with my reduced office help, which got my office well behind with its detailed paper work and even then he was well behind in these reports. I have had no trouble after this report was done away with in keeping my work up to date with my decreased office help.

I am well acquainted with Mr. L. E. Pirtle who came to the plant as inspector for light equipment and mechanical work in the CQM department. He is a civilian employee, and he has told me that prior to his present job he was a mechanic and ran a small repair shop and gasoline station at Milan, Tennessee, a town of approximately three thousand people.

Along in September, 1941 was the high point on a three eight-hour shift basis for mechanics and helpers in the Light Equipment Garage. Since that time the Light Equipment Garage has gone on two ten-hour shifts with one floating crew, and we have found that we can handle the work in the light equipment department satisfactorily at this time and more economically on the new basis. I have always tried to hold the employment in the light equipment department down to a minimum, but in the early part of September, 1941 the work was heavier in this department than it had been prior to that time. I understand from a newspaper account, Mr. L. E. Pirtle testified at Memphis, Tennessee on November 18, 1941 that he selected a date of September 10, 1941 as an illustration of the number of mechanics and mechanic helpers employed in the Light Equipment Garage and testified that there were one hundred and eighty-seven men so employed. The exact number so employed on that date was one hundred and eighty-eight men. This was the peak of the number of men employed in this department, and I am tabulating below the record of men employed as mechanics and mechanic helpers in this department from September 10, 1941, through October 8, 1941:

September 10, 1941	188	September 25, 1941	167
September 11, 1941	185	September 26, 1941	169
September 12, 1941	184	September 27, 1941	171
September 13, 1941	186	September 28, 1941 (Sunday)	10
September 14, 1941 (Sunday)	10	September 29, 1941	155
September 15, 1941	184	September 30, 1941	158
September 16, 1941	183	October 1, 1941	152
September 17, 1941	183	October 2, 1941	156
September 18, 1941	183	October 3, 1941	156
September 19, 1941	185	October 4, 1941	164
September 20, 1941	176	October 5, 1941 (Sunday)	28
September 21, 1941 (Sunday)	10	October 6, 1941	144
September 22, 1941	162	October 7, 1941	149
September 23, 1941	166	October 8, 1941	141
September 24, 1941	168		

I have constantly tried to hold the number of men employed in this department to a minimum, and at the same time do the necessary work on different equipment.

I also understand that the hearing in Memphis, Tennessee on November 18, 1941, Mr. Pirtle testified that he and Mr. H. G. Robinson, Special Investigator for the Truman Committee, had picked at random a date to check up on the work at the Light Equipment Garage and picked the date, June 21, 1941. This day happens to be Saturday. At that time, on Saturdays we were having to pay double time for mechanics and mechanic helpers due to the union regulation under which we are operating. If we had had the same number of employees in the Light Equipment Garage on any other week day of the week ending June 21, 1941, the wages on any other week day in that week would have been one-half the wages that we paid on June 21, 1941, the day said to have been selected by Mr. Pirtle at random from the hat.

I am attaching hereto as exhibit number three to my affidavit, quote, "Daily Shop Report Of Labor and Materials" dated June 21, 1941, which is the report to which Mr. Pirtle referred as having picked the same from a hat at random. This daily report is a composite of the actual equipment shop cost record cards that we keep on each piece of equipment which is worked on in the Light Equipment Garage. I am attaching hereto as exhibits four, five, six, seven, eight, nine, ten, eleven, twelve and thirteen to my affidavit, photostatic copies of actual "Equipment Shop Cost Record" on each item mentioned in the newspaper account of Mr. Pirtle's testimony of November 18, 1941, and on the composite "Daily Shop Report On Material". I have circled the items covered by the "Equipment Shop Record", the description of work done on a particular piece of equipment, then on the "Daily Shop Report of Labor and Material". My exhibit number three includes only a brief item report of the work done and not of all of the work done as shown on the shop card, also all of the work that was done on a particular piece of equipment. The hours of labor shown on the shop cards, exhibits four through thirteen, show the actual hours worked, while exhibit number three gives the total labor charges at double time.

Unless Mr. Pirtle should pick out "Daily Shop Reports of Labor and Materials" for other Saturdays or for Sundays, he could not find such a report showing the

same labor costs as exhibit three shows. Up until along in July, 1941, under union regulations we paid double time for Sunday work as well as Saturday work.

So far as I can remember, I have never failed to investigate any accidents ever reported to me by Mr. Pirtle, and when I found the driver guilty of negligence, if he was in my department, I have disciplined him. If he was in someone else's department, I have notified the head of that department.

Relative to Mr. Pirtle's accusation that it seems to him that all Ferguson-Oman officials and employees are organized to abuse, destroy and delay defense work as much as possible and cost the Government every dollar they can, I am attaching hereto as exhibit number fourteen to my affidavit, copy of the cost per mile of all vehicles received on this project from the beginning of work on the project up to October 1, 1941.

Exhibit number fourteen shows .0363 cents cost per mile as the total operating cost per mile of all vehicles handled in my department. This total operating cost includes gas, oil, batteries, tires, parts of all description and labor for installation, plus the over-head expense of garage as Superintendent, Foremen, parts men, office help and miscellaneous labor not chargeable to any one certain job.

(Signed) John H. Taylor.

Subscribed and sworn to before me this 21 day of November, 1941.

[SEAL]

WINFRED H. LANCASTER, Notary Public.

Registered as a Notary Public in Henderson, Carroll, and Gibbons Counties, Tenn., as provided by Chap. 193, Public Acts of Tennessee 1935.

My Commission Expires July 10th, 1945.

Cost of Motor Vehicles per Mile from Beginning of Job to October 1, 1941

	Mainte- nance costs	Miles traveled	No. units	Cost per mile
1. Station wagons	\$17,400.02	1,060,253	73	.0164
2. Cars	11,894.05	729,114	62	.0163
3. Pick-up trucks	46,076.24	2,686,624	312	.0171
4. 1½-ton and up trucks	174,175.82	3,894,364	630	.0448
Totals	249,546.10	8,370,355		
Overhead cost	54,984.33			
	304,530.43			
Total cost per mile .....				.0363

Cost less overhead, 0.29.

NOTES

(1) Miles traveled is not exact as several speedometers have been broken and the miles these vehicles traveled with broken speedometers are not included.

(2) Maintenance cost includes gas, oil, greases, parts of all kinds, tires, batteries and labor on repairs.

(3) Number of units consist of units delivered to job; not present number in use.

(4) Figures are based on Records of October 1, 1941.

(5) Overhead expense consist of supervision, parts men, general labor maintaining garage, ordering parts and any other labor that is not chargeable to any certain job listed below.

One Superintendent (one-half time. Other half to Trans.)	\$1,985.00
One Ass't Supt. (In charge of Shop)	2,640.00
Shop foremen (In charge of various crews of mechanics)	14,835.00
Grease foremen (In charge of grease racks. 1 per shift)	5,158.00
Wash foremen (In charge of wash racks. 1 per shift)	4,987.88
Parts Dept. (Handling orders and distribution of parts)	9,198.50
Office Help (Records, letters, etc.)	5,311.45
Tool Dept. (Keeping up with garage tools, etc.)	2,782.00
Steam Cleaner Operators (Cleaning motors, parts, etc.)	2,781.50
Sign Painter (Numbering vehicles)	608.00
Tire Dept. Foreman	1,295.00
Labor in garage not chargeable to any job as cleaning garage	3,402.00

54,984.33

(In ink:) Exhibit #14 to my affidavit of Nov. 21, 1941.—John H. Taylor.

TO AUTHENTICATE

1. Physical inspection of basic information used in compiling this report.
2. Produce trial balance on repair and replacement parts, tires and accessories which shall take form in classification breakdown as:
Dr.: Parts purchased (purchase Orders).
Cr.: Parts used, parts in stock.
3. Trial balance on gasoline and grease.
4. Meehanic daily time card.
Meeh. Helper daily time card.
Laborer daily time card.
5. Parking areas not included.

[Copy]

JULY 30, 1941.

QM 451 OM

Capt. HOFTO, Constructing Quartermaster,
Ferguson-Oman Company.
Motor Vehicles on Reservation.

1. The following is quoted from a directive, dated July 26, 1941, which was received from the Office of The Zone Constructing Quartermaster.

"1. Regarding use of cars off the reservation, it is requested that all cars on rental or Government owned be kept in a pool when not in actual use on the reservation. In instances where the project is some distance from town, it is suggested that a small pool be formed in the city and sufficient chauffeurs be kept on duty to make emergency trips out to the project after hours.

2. It is strictly against Government policy to allow individuals to keep motor vehicles in their personal care off the reservation unless on official business, therefore, it is requested that the necessary steps be taken to carry out the above procedure."

2. Your recommendations for the plan of operation, to be put into effect immediately pursuant to the above mentioned directive, is requested.

GLEN E. HOFTO,
Captain, QMC,
Constructing Quartermaster.

(Initialed:) JEW GMK.

WOLF CREEK ORDNANCE PLANT
OFFICE OF THE CONSTRUCTING QUARTERMASTER
Milan, Tennessee

QM 600.114 b

(i)

X 619.4

X 451.1

Elimination of Motor Pools in Jackson and Humboldt,
Lt. John E. Closson, Transportation Officer,
Ferguson-Oman Company

1. Due to excessive cost, the motor pools in Jackson and Humboldt are to be discontinued as of Monday, October 27, 1941.

2. Please notify the following men in your organization that they may drive their cars home at night, but that they should keep them parked off the street, if at all possible:

Mr. Melnerney, 2104, Jackson.
Mr. Christensen, 2121, Jackson.
Mr. Cupps, 2110, Jackson.
Mr. Birdseye, 2101, Jackson.
Mr. Sheets, 2030, Jackson.
Mr. Ewing, 2106, Humboldt.

3. In order to keep a check on these cars, it is requested that your office submit a list of the addresses of the above employees.

/s/ GLEN E. HOFTO,
Captain, Quartermaster Corps,
Constructing Quartermaster.

Mr. WALLACE FAULK.
Mr. JOHN TAYLOR.

OCTOBER 25, 1941.

The above memorandum is for your notification and action.

A. KINGSLEY FERGUSON,
Liaison Officer.

320 MF

Date: 6/21/41 D.M.

Daily shop report of labor and materials

U. S. No.	Description	Total hours	Total labor	Total parts	Total amount
654	qt. oil			.08	.08
941	5 qt. oil	1	.75	.40	1.15
1404	qt. oil			.08	.08
1417	4 qt. oil			.32	.32
1641	pt. oil			.04	.04
2004	6 qt. oil, $\frac{1}{2}$ lb. gr.	1	.75	.53	1.28
2005	$\frac{1}{2}$ lb. gr. pt. oil	$\frac{1}{2}$	.75	.09	.84
2009	$\frac{1}{2}$ lb. gr. pt. oil	1	.75	.09	.84
2009	wash	2	.88		.88
2010	install fire ext	3	3.00		3.00
2010	wash	2	.88		.88
2012	install fire ext	6	6.00		6.00
2012	5 $\frac{1}{2}$ qt. oil, $\frac{1}{2}$ lb. gr.	1	.75	.49	1.24
2012	check accelator	1	1.00		1.00
2013	wash	2	.88		.88
2016	service call	3	2.25	.32	2.57
2020	wash	2	.88		.88
2022	5 $\frac{1}{2}$ qt. oil, $\frac{1}{2}$ lb. gr.	1	.75	.49	1.24
2024	$\frac{1}{2}$ lb. gr. pt. oil	1	.75	.09	.84
2025	install spot light	3 $\frac{1}{2}$	3.75		3.75
2027	repair rattle	1	1.88		1.88
2032	wash	2	.88		.88
2034	adj. brakes	1	1.25		1.25
2035	adj. brakes	1 $\frac{1}{2}$	1.88		1.88
2036	wash	2	.88		.88
2036	6 qt. oil, $\frac{1}{2}$ lb. gr.	1	.75	.53	1.28
2038	wash	2	.88		.88
2038	1 $\frac{1}{2}$ qt. oil, $\frac{1}{2}$ lb. gr.	1	.75	.17	.92
2039	wash	2	.88		.88
2040	repair spring	4	4.50	5.32	9.82
2042	5 $\frac{1}{2}$ qt. oil, $\frac{1}{2}$ lb. gr.	1	.75	.49	1.24
2042	repair sterring	3 $\frac{1}{2}$	3.44		3.44
2042	wash	2	.88		.88
2043	$\frac{1}{2}$ lb. gr. pt. oil	1	.75	.09	.84
2043	wash	2	.88		.88
2045	wash	2	.88		.88
2045	wash	2	.88		.88
2045	$\frac{1}{2}$ lb. gr. pt. oil	1	.75	.09	.84
2047	2 qt. oil			.16	.16
2048	5 qt. oil	1	.75	.49	1.15
2049	install license	1 $\frac{1}{2}$	.38		.38
2049	wash	2	.88		.88
2050	5 qt. oil	1	.75	.40	1.15
2050	wash	2	.88		.88
2050	adj. brakes	4 $\frac{1}{2}$	5.63		5.63
2051	wash	2	.88		.88
2051	8 qt. oil, $\frac{1}{2}$ lb. gr.	1	.75	.60	1.44
2055	repair door	15	15.50		15.50
2055	wash	2	.88		.88
2059	repair tire	1 $\frac{1}{2}$	1.13	.16	1.29
2061	wash	2	.88		.88
2063	service call	3 $\frac{1}{2}$	2.63	.08	2.71
2064	start motor	4	4.00	4.40	8.40
2069	wash	2	.88		.88
2070	$\frac{1}{2}$ lb. gr. pt. oil	1	.75	.09	.84
2070	wash	2	.88		.88
2071	wash	2	.88		.88
2100	install rings	21 $\frac{1}{2}$	26.88	.12	27.00
2100	finish ring job	27	27.00	3.54	30.54
2100	6 qt. oil	1	.75	.48	1.23
2101	adj. tappets	1 $\frac{1}{2}$	1.88	.05	1.93
2101	5 $\frac{1}{2}$ qt. oil, $\frac{1}{2}$ lb. gr.	1	.75	.49	1.24

Daily shop report of labor and materials—Continued

U. S. No.	Description	Total hours	Total labor	Total parts	Total amount
2101	wash	2	.88		.88
2101	wash	2	.88		.88
2103	wash	2	.88		.88
2103	5½ qt. oil, ½ lb. gr	1	.75	.49	1.24
2104	½ lb. gr. pt. oil	1	.75	.09	.84
2105	3½ lb. gr. pt. oil	1	.75	.39	1.14
2105	wash	2	.88		.88
2112	repair lock on truck	3	2.75		2.75
2113	repair tire	1	1.25		1.25
2114	repair radio switch	2½	2.63		2.63
2114	wash	2	.88		.88
2115	repair tire	1½	1.13	.08	1.21
2115	wash	2	.88		.88
2116	repair missin motor	1½	1.88	.33	2.21
2117	wash	2	.88		.88
2018	install fire ext	3	3.00		3.00
2118	5½ qt. oil, ½ lb. gr	1	.75	.49	1.24
2118	wash	2	.88		.88
2121	5½ qt. oil, ½ lb. gr	1	.75	.49	1.24
2121	wash	2	.88		.88
2122	change tire	1½	.38		.38
2126	wash	2	.88		.88
2127	wash	2	.88		.88
2129	wash	2	.88		.88
2130	wash	2	.88		.88
2131	wash	2	.88		.88
2132	wash	2	.88		.88
2133	repair fenders	19	25.75		25.75
2135	wash	2	.88		.88
2138	wash	2	.88		.88
2138	1½ qt. oil, ½ lb. gr	1	.75	.17	.92
2140	assemble motor	25	25.25		25.25
2141	time motor	1½	1.88		1.88
2145	repair tire	1½	1.13	.08	1.21
2146	repair brakes	20½	14.38		14.38
A-2100	wash	2	.88		.88
A-2104	5½ qt. oil, ½ lb. gr	1	.75	.49	1.24
A-2105	wash	2	.88		.88
A-2105	wash	2	.88		.88
A-2108	wash	2	.88		.88
2200	wash	2	.88		.88
2200	½ lb. gr. pt. oil	1	.75	.09	.84
2203	repair missin motor	1½	1.88		1.88
2203	repair tail light	2	2.00	.15	2.15
2207	repair horn	1½	1.13	.08	1.21
2210	repair sterring	5	5.00		5.00
2218	1½ qt. oil, ½ lb. gr	1	.75	.17	.92
2218	wash	2	.88		.88
2222	repair tire	2½	1.88	8.11	9.99
2229	mount tire	1	1.25		1.25
2231	5½ qt. oil, ½ lb. gr	1	.75	.49	1.24
2238	wash	2	.88		.88
2238	5½ qt. oil, ½ lb. gr	1	.75	.49	1.24
2238	adj. brakes, clutch	8	10.00	.75	10.75
	check carb				
2238	wash	2	.88		.88
2241	5½ qt. oil, ½ lb. gr	1	.75	.49	1.24
2241	wash	2	.88		.88
2245	½ lb. gr. pt. oil	1	.75	.09	.84
2246	repair missin motor	1½	1.88	.96	2.84
2247	1½ qt. oil, ½ lb. gr	1½	.75	.17	.92
2252	lb. gr. pt. oil	1	.75	.14	.89
2252	wash	2	.88		.88
2280	wash	2	.88		.88
2280	5 qt. oil	1	.75	.40	1.15
2285	5½ qt. oil, 1½ lb. gr	1	.75	.59	1.34
2292	repair missin motor	2	2.00	.32	2.32
2293	5½ qt. oil, ½ lb. gr	1	.75	.49	1.24
A-2200	repair missin motor	1	1.25		1.25
A-2203	service call	2	1.50	.08	1.58
A-2203	install tire	1	.75		.75
A-2203	½ lb. gr. pt. oil	1	.75	.09	.84
A-2203	wash	2	.88		.88
A-2211	repair missin motor	3	3.75	.29	4.04
A-2214	qt. oil			.08	.08
A-2215	service call	4	4.00		4.00
A-2216	repair door	21	22.25		22.25
A-2217	repair tire	1	.75	.08	.83
A-2218	repair missin motor	3	3.75	.35	4.10
A-2218	repair fender	4	4.00		4.00
A-2222	5½ qt. oil, ½ lb. gr	1	.75	.49	1.24
A-2229	½ lb. gr. pt. oil	1	.75	.09	.84

Daily shop report of labor and materials--Continued

U. S. No.	Description	Total hours	Total labor	Total parts	Total amount
A-2228	wash	2	.88		.88
A-2229	wash	2	.88		.88
A-2232	wash	2	.88		.88
A-2332	2½ qt. oil, ½ lb. gr	1	.75	.25	1.00
A-2236	1½ qt. oil, ½ lb. gr	1	.75	.17	.92
A-2236	wash	2	.88		.88
A-2236	5 qt. oil	1	.75	.40	1.15
A-2240	wash	2	.88		.88
A-2240	5½ qt. oil, ½ lb. gr	1	.75	.49	1.24
A-2242	3½ lb. gr. pt. oil	1	.75	.39	1.14
A-2243	wash	2	.88		.88
A-2243	½ lb. gr. pt. oil	1	.75	.09	.84
A-2251	wash	2	.88		.88
A-2257	gen. insp.	6	7.50		7.50
A-2265	½ lb. gr. pt. oil	1	.75	.09	.84
A-2268	wash	2	.88		.88
A-2269	wash	2	.88		.88
A-2269	½ lb. gr. pt. oil	1	.75	.09	.84
A-2271	remove spotlight	4	4.00		4.00
A-2281	install tire	1	.75	4.90	5.65
A-2284	repair drive shaft	3	3.25		3.25
A-2288	service call	3	3.00		3.00
A-2289	road test	4	5.00		5.00
A-2290	repair light	4	4.00		4.00
A-2290	6 qt. oil	1	.75	.48	1.23
A-2291	gen. insp.	12	12.00	.11	12.11
A-2296	repair gas line	8	10.00	5.60	15.60
A-2296	service call	4	4.00		4.00
A-2296	wash	2	.88		.88
A-2296	½ lb. gr. pt. oil	1	.75	.09	.84
A-2297	½ lb. gr. pt. oil	1	.75	.09	.84
A-2298	½ lb. gr. pt. oil	1	.75	.09	.84
A-2299	lb. gr. pt. oil	1	.75	.14	.89
A-2297	service call	3	3.00	.63	3.63
B-2205	repair tire	3½	2.63	.16	2.79
B-2210	remove spotlight	8	7.00	.08	7.08
B-2213	wash	2	.88		.88
B-2222	repair missin motor	4	4.00	.11	4.11
B-2222	wash	2	.88		.88
B-2233	5 qt. oil	2	.75	.40	1.15
2300	7½ qt. oil, lb. gr	1	.75	.70	1.45
2304	adj. brakes	1½	1.88	.42	2.30
2314	replace water hose	3	2.25		2.25
2317	5½ qt. oil, lb. gr	1	.75	.54	1.29
2319	repair missin motor	1	1.00		1.00
2320	6 qt. oil, lb. gr	1	.75	.58	1.33
2326	weld rack	4	4.00		4.00
2329	wash	2	.88		.88
2329	lb. gr. pt. oil	1	.75	.11	.89
2329	repair wiper	1	1.25		1.25
2331	qt. oil			.08	.08
2335	lb. gr. pt. oil	1	.75	.14	.89
2335	wash	2	.88		.88
2335	wash	2	.88		.88
2336	wash	2	.88		.88
2336	5 qt. oil	1	.75	.40	1.15
2342	repair fuel pump	2	2.00		2.00
2347	repair missin motor	1	1.25		1.25
2349	check brakes	2	2.00		2.00
2350	wash	2	.88		.88
2350	service call	2	2.00		2.00
2350	5 qt. oil, lb. gr	1	.75	.50	1.25
2351	service call	3	3.00		3.00
2354	fuse			.04	.04
2354	5½ qt. oil, lb. gr	1	.75	.54	1.29
2357	lb. gr. pt. oil	1	.75	.14	.89
2365	wash	2	.88		.88
2365	1½ qt. oil, lb. gr	1	.75	.22	.97
2367	tune motor	2	2.50		2.50
2367	lb. gr. pt. oil	1	.75	.14	.89
2367	wash	2	.88		.88
2370	wash	2	.88		.88
2376	wash	2	.88		.88
2379	wash	2	.88		.88
2383	wash	2	.88		.88
2383	5½ qt. oil, lb. gr	1	.75	.51	1.29
2384	adj. brakes	2	2.00		2.00
2384	lb. gr. pt. oil	1	.75	.14	.89
2390	wash	2	.88		.88
2392	lb. gr. pt. oil	1	.75	.14	.89
2392	wash	2	.88		.88
2397	5 qt. oil	1	.75	.40	1.15

Daily shop report of labor and materials—Continued

U. S. No.	Description	Total hours	Total labor	Total parts	Total amount
2397	wash	2	.88		.88
2398	5 qt. oil	1	.75	.40	1.15
A-2304	11 qt. oil, lb. gr	1	.75	.98	1.73
A-2304	wash	2	.88		.88
A-2311	lb. gr. pt. oil	1	.75	.14	.89
A-2313	qt. oil			.08	.08
A-2318	wash	2	.88		.88
A-2324	wash	2	.88		.88
A-2326	wash	2	.88		.88
A-2330	check brakes, lights	3	3.00	.02	3.02
A-2330	8 qt. oil	1	.75	.64	1.39
A-2331	3 qt. oil, lb. gr	1	.75	.34	1.09
A-2333	repair tie rod	7	5.25	1.09	6.34
A-2334	start motor	1 ¹ / ₂	.63		.63
A-2334	adj. brakes	1	1.25		1.25
A-2334	wash	2	.88		.88
A-2335	repair motor	3	2.25		2.25
A-2335	repair missin motor	3 ¹ / ₂	4.38	.32	4.70
A-2336	repair carb	3 ¹ / ₂	4.38		4.38
A-2336	repair lights	2	2.50	.02	2.52
A-2336	qt. oil			.08	.08
A-2336	wash	2	.88		.88
A-2337	adj. brakes	3	2.25		2.25
A-2340	8 ¹ / ₂ qt. oil, lb. gr	1	.75	.78	1.53
A-2343	wash	2	.88		.88
A-2345	check steering	4	4.00		4.00
A-2348	gen. insp	4	5.00	.64	5.64
A-2349	repair hoist	2	2.50		2.50
A-2349	4 qt. oil			.32	.32
A-2354	repair horn	1 ¹ / ₂	.63		.63
A-2354	lb. gr. pt. oil	1	.75	.14	.89
A-2355	repair lights	1 ¹ / ₂	1.88		1.88
A-2355	repair spring	3	3.25		3.25
A-2356	8 ¹ / ₂ qt. oil, lb. gr	1	.75	.78	1.53
A-2356	install axle shaft	3	3.00	7.91	10.91
A-2357	8 ¹ / ₂ qt. oil, lb. gr	1	.75	.78	1.53
A-2358	gen. insp	3	3.75	.64	4.39
A-2359	adj. dump lever	2	2.00		2.00
A-2359	9 ¹ / ₂ qt. oil, lb. gr	1	.75	.86	1.61
A-2360	check brakes	2	1.50		1.50
A-2361	gen. insp	3	3.75	.32	4.07
A-2362	check brakes	4	5.00		5.00
A-2363	check motor	1 ¹ / ₂	.63		.63
A-2363	8 ¹ / ₂ qt. oil, lb. gr	1	.75	.78	1.53
A-2364	wash	2	.88		.88
A-2365	wash	2	.88		.88
A-2366	qt. oil			.08	.08
A-2366	repair missin motor	1 ¹ / ₂	.50		.50
A-2366	repair missin motor	41	41.76	16.53	58.29
A-2366	repair missin motor	4 ¹ / ₂	4.63	.02	4.65
A-2369	8 ¹ / ₂ qt. oil, lb. gr	1	.75	.78	1.53
A-2370	19 qt. oil, lb. gr	1	.75	1.62	2.37
A-2370	wash	2	.88		.88
A-2371	repair tsil gate	3 ¹ / ₂	4.38		4.38
A-2372	check spring	4	4.00		4.00
A-2372	wash	2	.88		.88
A-2373	check motor	1 ¹ / ₂	1.88		1.88
A-2373	check brakes	4	5.00	1.36	6.36
A-2373	wash	2	.88		.88
A-2374	wash	2	.88		.88
A-2374	start motor	1	1.25		1.25
A-2375	install driving disc	10	10.00	5.63	15.63
A-2375	check lights	3	2.25		2.25
A-2375	12 qt. oil, lb. gr	1	.75	1.06	1.81
A-2375	6 lb. gr	1	.75	.48	1.23
A-2377	gas cap			.39	.39
A-2377	wash	2	.88		.88
A-2381	repair missin motor	3	3.75	.33	4.08
A-2381	install fuel line	1	1.25	.35	1.60
A-2385	overhaul carb	6	6.00	.46	6.46
A-2385	rebuid carb	12	16.26	2.38	18.64
A-2386	install mirror	1 ¹ / ₂	.63	.63	1.26
A-2387	adj. brakes	2	2.00		2.00
A-2387	check hoist levers	2	2.50		2.50
A-2387	5 qt. oil	1	.75	.40	1.15
A-2389	repair spring	7 ¹ / ₂	8.37	.41	8.81
A-2389	5 ¹ / ₂ qt. oil, lb. gr	1	.75	.51	1.29
A-2390	install horn	4	5.00	4.10	9.10
A-2390	5 ¹ / ₂ qt. oil, lb. gr	1	.75	.54	1.29
A-2393	service call	1	1.00		1.00
A-2393	service call	3	3.00		3.00
A-2394	repair missin motor	2	2.00		2.00

Daily shop report of labor and materials—Continued

U. S. No.	Description	Total hours	Total labor	Total parts	Total amount
A-2398	5 qt. oil	1	.75	.40	1.15
A-2399	wash	2	.88		.88
B-2301	1½ qt. oil, lb. gr.	1	.75	.17	.92
B-2306	repair water lever	2	2.00		2.00
B-2307	adj. carb, check steering	14	14.00	.03	14.03
B-2318	repair brakes	41½	5.63	.62	6.25
B-2323	5½ qt. oil, lb. gr.	1	.75	.54	1.29
B-2323	wash	2	.88		.88
B-2323	out of gas	2	2.00		2.00
B-2326	repair starter	12	11.28		11.28
B-2327	repair tire	6	4.50	1.89	6.39
B-2327	service call	5	4.00	.12	4.12
B-2328	check noise in rear	6	6.00		6.00
B-2330	6½ qt. oil, lb. gr.	1	.75	.62	1.37
B-2332	wash	2	.88		.88
B-2332	1½ lb. gr. pt. oil	1	.75	.17	.92
B-2333	8 qt. oil, 2 lb. gr.	1	.75	.84	1.59
B-2335	tune motor	2	2.50		2.50
B-2336	gen. insp	10½	11.38		11.38
B-2339	clean water valves	16	16.00		16.00
B-2342	repair starter	3	3.00		3.00
B-2342	2qt. oil			.16	.16
B-2343	check diff.	2	2.50		2.50
B-2343	3 qt. oil			.24	.24
B-2346	repair tire	4½	4.63	11.03	15.66
B-2346	repair gas tank	15	15.00	.63	15.63
B-2346	7½ qt. oil	1	.75	.60	1.35
B-2349	repair lights	1½	1.88	.04	1.92
B-2350	2 qt. oil			.16	.16
B-2350	tighten bolts	1½	1.88		1.88
B-2350	8 qt. oil	1	.75	.64	1.39
B-2352	check trailer light	4½	4.88		4.88
B-2354	5½ qt. oil, lb. gr.	1	.75	.54	1.29
B-2355	service call	3	3.00		3.00
B-2356	wash	2	.88		.88
B-2358	3 qt. oil			.24	.24
B-2361	wash	2	.88		.88
B-2365	1½ qt. oil, lb. gr.	1	.75	.22	.97
B-2366	wash	2	.88		.88
B-2366	lb. gr., pt. oil	1	.75	.14	.89
B-2367	service call	7½	7.33	.28	7.61
B-2367	wash	2	.88		.88
B-2367	lb. gr., qt. oil	1	.75	.14	.92
B-2367	adj. brakes	1	.75		.75
B-2368	adj. brakes	1	1.25		1.25
B-2369	repair missin motor	4	5.00	1.92	6.92
B-2369	flush radiator	1½	1.88		1.88
B-2369	repair mirror	3½	3.13		3.13
B-2371	adj. brakes, clutch	7	7.00		7.00
B-2371	1½ lb. gr., pt. oil	1	.75	.19	.94
B-2372	check hoist	3	3.00		3.00
B-2373	gen. insp	3	3.75		3.75
B-2373	check trans.	3	3.00		3.00
B-2373	3 lb. gr	1	.75	.30	1.05
B-2375	gen. insp	5	6.25		6.25
B-2377	repair universal joint	8	8.00	4.34	12.34
B-2379	repair discharge door	8	8.00		8.00
B-2379	qt. oil			.08	.08
B-2380	repair brakes	8	8.00		8.00
B-2381	start motor	1	1.00		1.00
B-2382	3 qt. oil			.24	.24
B-2384	rebush front spindle	8	10.00		10.00
B-2384	check brakes	4½	5.63	1.06	6.69
B-2383	repair starter	9½	9.38	4.40	13.78
B-2394	service call	4	4.00		4.00
B-2397	wash	2	.88		.88
B-2398	wash	2	.88		.88
B-2399	3 qt. oil, lb. gr.	1	.75	.34	1.09
B-2399	wash	2	.88		.88
C-2304	wash	2	.88		.88
C-2306	check trans.	16	18.00	5.54	23.54
C-2307	repair water pump	1	1.25		1.25
C-2306	5 lb. gr	1	.75	.40	1.15
C-2309	lb. gr., pt. oil	1	.75	.14	.89
C-2331	lb. gr., pt. oil	1	.75	.14	.89
C-2329	8½ qt. oil, lb. gr	1	.75	.78	1.53
C-2328	repair light switch	1	1.25	.04	1.29
C-2329	wash	2	.88		.88
C-2330	repair starter	2	2.50		2.50
C-2330	repair starter	7	8.01	.07	8.08
C-2330	wash	2	.88		.88
C-2331	qt. oil			.08	.08

Daily shop report of labor and materials—Continued

U. S. No.	Description	Total hours	Total labor	Total parts	Total amount
C-2332	repair missin motor	2½	3.13		3.13
C-2332	8 qt. oil	1	.75	.64	1.39
C-2333	wash	2	.88		.88
C-2334	repair fender	6	7.50	1.88	9.38
C-2334	2 qt. oil			.16	.16
C-2335	adj. brakes	1½	1.88		1.88
C-2336	adj. dump lever	1	.75		.75
C-2336	8½ qt. oil, 3 lb. gr	1	.75	1.08	1.83
C-2340	service call	5	3.75	.08	3.83
C-2340	service call	1½	1.13	.08	1.21
C-2345	repair missin motor	1½	1.88	.64	2.52
C-2345	repair missin motor	1	1.25		1.25
C-2345	8 qt. oil	1	.75	.64	1.39
C-2351	repair starter	7	7.00		7.00
C-2356	repair missin motor	2	2.50		2.50
C-2361	wash	2	.88		.88
C-2361	5 qt. oil	1	.75	.40	1.15
C-2362	8½ qt. oil, 8 lb. gr	1	.75	1.48	2.23
C-2362	check noise in trans.	6	7.50	3.57	11.07
C-2362	assemble trans. install	23	25.26	4.50	29.76
C-2362	wash	2	.88		.88
C-2363	8½ qt. oil, lb. gr	1	.75	.78	1.53
C-2365	repair tail gate	2	2.00		2.00
C-2365	check axle shaft	2	2.00	1.09	3.09
C-2365	wash	2	.88		.88
C-2366	wash	2	.88		.88
C-2375	lb. gr. pt. oil	1	.75	.14	.89
C-2379	lb. gr., pt. oil	1	.75	.14	.89
C-2380	wash	2	.88		.88
C-2381	8 qt. oil	1	.75	.64	1.39
C-2382	8 qt. oil	1	.75	.64	1.39
C-2384	adj. brakes	2	2.50		2.50
C-2386	service call	6	4.50	.08	4.58
C-2387	2 qt. oil, lb. gr	1	.75	.26	1.01
C-2389	check brakes	2	2.00		2.00
C-2390	wash	2	.88		.88
C-2390	check brakes	1	.75		.75
C-2391	seal beam unit			.55	.55
C-2391	check steering	1½	1.63		1.63
C-2391	wash	2	.88		.88
C-2394	wash	2	.88		.88
C-2395	5½ qt. oil, lb. gr	1	.75	.54	1.29
C-2397	6½ qt. oil, lb. gr	1	.75	.62	1.37
D-2302	repair missin motor	4	5.00	.25	5.25
D-2308	repair missin motor	1	1.25		1.25
D-2309	repair wreck	5	5.00		5.00
D-2311	repair brakes	9	9.00		9.00
D-2315	check time	1½	.63		.63
D-2316	repair tire	2½	1.88	.08	1.96
D-2316	5½ qt. oil, lb. gr	1	.75	.54	1.29
D-2318	wash	2	.88		.88
D-2321	general repair	15	18.65		18.65
D-2323	charge battery	8	6.00		6.00
D-2325	repair tire	4	3.00	.08	3.08
D-2326	repair spring shackle	1½	1.88		1.88
D-2326	8 qt. oil, lb. gr	1	.75	.74	1.49
D-2326	clean mixer	1	1.25		1.25
D-2326	3 qt. oil			.24	.24
D-2334	assemble motor, repr. valves	16	20.00		20.00
D-2334	install manifold, tune motor, adj. brakes, repair valves	32	32.00	4.55	36.55
D-2339	2½ qt. oil, lb. gr	1	.75	.30	1.05
D-2340	install drive shaft, bearings, V joints	13½	14.63	15.20	29.83
D-2340	7 qt. oil, lb. gr	1	.75	.66	1.41
D-2340	wash	2	.88		.88
D-2343	repair gas line	3	3.75		3.75
D-2351	adj. brakes	4	3.00		3.00
D-2386	5 qt. oil	1	.75	.40	1.15
D-2377	tune motor, rep. brakes	8	8.00		8.00
D-2377	wash	2	.88		.88
D-2378	lb. gr. pt. oil	1	.75	.14	.89
D-2380	adj. carb.	1½	.63		.63
D-2383	tighten lugs	1½	.38		.38
D-2383	5½ qt. oil, 3 lb. gr	1	.75	.74	1.49
D-2384	5½ qt. oil, 3 lb. gr	1	.75	.74	1.49
D-2385	repair universal joint	2	2.50		2.50
D-2385	5 qt. oil	1	.75	.40	1.15
D-2387	cut poles	5	5.00		5.00
D-2388	wash	2	.88		.88
D-2394	gen. insp.	3	3.75		3.75
E-2311	bracket for license	1½	1.13		1.13
E-2313	gen. insp.	3	3.75		3.75

Daily shop report of labor and materials—Continued

U. S. No.	Description	Total hours	Total labor	Total parts	Total amount
E-2315.....	gen. insp.....	7	7.00		7.00
E-2315.....	2½ qt. oil, 4 lb. gr.....	1	.75	.60	1.35
E-2316.....	gen. insp.....	9½	8.63	.71	9.34
E-2316.....	2½ qt. oil, lb. gr.....	1	.75	.30	1.05
E-2317.....	3½ qt. oil, 4 lb. gr.....	1	.75	.68	1.43
E-2318.....	lb. gr. pt. oil.....	1	.75	.14	.89
E-2318.....	gen. insp.....	5	5.00		5.00
E-2319.....	gen. insp.....	10	10.00	.55	10.55
E-2320.....	gen. insp.....	9½	11.00		11.00
E-2320.....	5 pt. oil, lb. gr.....	1	.75	.30	1.05
E-2321.....	lb. gr.....	1	.75	.10	.85
E-2321.....	gen. insp.....	11	11.00		11.00
E-2322.....	gen. insp.....	11	11.00		11.00
E-2323.....	gen. insp.....	8½	10.63		10.63
	Total Labor.....		133.17	21.96	155.13
	Total Parts.....		1,299.46		
	Total Amount.....		205.82		
			1,505.28		

FERGUSON-OMAN COMPANY

EQUIPMENT SHOP COST RECORD

Date: 6/21/41
Driver name
Make: Chev
Instructions:
 Ck Motor.
 Install New rings.
 Install rings Clear head & Valves.

Equip. No.:2100
Dept.:
License: 9755

Shop Foreman: F. W. Steel

Date	From	To	Hrs.	Name	Rate	Emp. No.	Amount
-----	8	8:30	1	Brown.....	\$1.25		
-----	9:45	4:00	6¼	Farmer.....			
-----	1	2	1	Hardison.....			
-----	1	4	3	Langford.....	125		
					20½		
					4500		
					63		
					4563		
					125		
					88		

[Reverse side]

PARTS—MATERIALS AND TIRES

Req 2087

Qty.	Article	Part No. or Ref.	Amount
12	107823. Lock nuts..... Rings Free From Cand. Ring Co.		\$0.12

3530 INVESTIGATION OF THE NATIONAL DEFENSE PROGRAM

FERGUSON-OMAN COMPANY
EQUIPMENT SHOP COST RECORD

Date: 6-21-41
Driver Name _____
Make: Chev. Coach

Equip. No.: 2100
Dept _____
License _____

Instructions:
Finish Ring job left from Steele shift
Put Heavy Duty Generator On
Put Oil Filter On

Date	From	To	Hrs.	Name	Rate	Emp. No.	Amount
	400	815	4¼	Steph.....	125		
	400	815	4¼	Snyder.....	75		
	930	1200	2½	Steph.....	125		
	930	1200	2½	Snyder.....	125		

[Reverse side]

PARTS—MATERIALS AND TIRES

Qty.	Article	Part No. or ref.	Amount
1	Set Manifold Gaskets.....	602483	\$0. 25
1	Pan.....	604338	. 28
1	Head Set.....	605177	1. 09
6	Spark Plugs.....	Y5	1. 92
1	Generator.....		
1	Regulator.....		3. 54
1	Pulley.....		
1	Speedometer.....		
1	F 413 Iron.....		

FERGUSON-OMAN COMPANY
EQUIPMENT SHOP COST RECORD

Date: 6/21/41
Driver Name _____
Make: Chev. Stake 5072 miles

Equip. No.: A2385
Dept _____
License: U. S. A.

Instructions:
Rebuild carburetor
Clean plugs
Tune motor

Shop foreman: H. Furr

Date	From	To	Hrs.	Name	Rate	Emp. No.	Amount
6/21/41	4:15	5:45	1½	Teaster.....	125		
6/21/41	4:15	6:45	2½	P. Wyatt.....	75		
6/21/41	5:45	6:15	½	Welch.....	125		
6/21/41	6:15	6:45	½	Teaster.....	125		
6/21/41	7:00	8:00	1	Powers.....	125		

[Reverse side]

PARTS—MATERIALS AND TIRES

Qty.	Article	Part No. or ref.	Amount
1	Carb. Repair kit.....	605388	\$2. 38

INVESTIGATION OF THE NATIONAL DEFENSE PROGRAM 3531

FERGUSON-OMAN COMPANY

EQUIPMENT SHOP COST RECORD

Date: 6/21/41 Equip. No.: A 2385
 Driver Name ----- Dept. -----
 Make: Chev. Model: stake License -----

Instructions:

Overhaul carburetor
 Install Breaker Points
 Clean & adjust spark plugs

Shop foreman: S. W. Stein

Date	From	To	Hrs.	Name	Rate	Emp. No.	Amount
	8	9:15	1 1/4	Jenkins			
	8	9:00	1	Bridges			

[Reverse side]

PARTS—MATERIALS AND TIRES

Qty.	Article	Part No. or ref.	Amount
1	Set contaet points	3749	\$0.46

FERGUSON-OMAN COMPANY

EQUIPMENT SHOP COST RECORD

Date: 6/21/41 Equip. No.: B 2346
 Driver Name ----- Dept. -----
 Make: Chev. Model: Dump License: 33887

Instructions:

Repair flat tire.
 Cheek stud bolts in right rear wheel.
 Check gas tank and differential.
 Put new rear wheel gasket, take the differential cover off.
 Tire.

Shop Foreman: S. W. Stein

Date	From	To	Hrs.	Name	Rate	Emp. No.	Amount
	2:45	4:00	1 1/4	Keisling	2.50		
	2:45	3:45	1	Pitts	1.50		
					.63		
					4.63		

[Reverse side]

Req. 2082.

PARTS—MATERIALS AND TIRES

Qty.	Article	Part No. or ref.	Amount
1	Wheel gasket #3653928		\$0.07
1	L258232, 6 ply 650 x 20 Falls		10.88
1	AD698003fore stencil, old tire, 600 x 20, 6 ply		.08
1	Large hot patch		
			11.03

3532 INVESTIGATION OF THE NATIONAL DEFENSE PROGRAM

FERGUSON-OMAN COMPANY
EQUIPMENT SHOP COST RECORD

Date: 6/21/41 Equip. No.: 2018
Driver Name Dept.
Make: Ford Sta. Wag. License

Instructions:
Install fire extinguisher.
Equip #2018.
Motor #18-6311625.
Equip #D3242
Serial #E272573

Shop Foreman: W. B. WEATHERBY.

Date	From	To	Hrs.	Name	Rate	Emp. No.	Amount
	10:30	11:15	3/4	Boen	\$1.25		
	10:30	11:15	3/4	Hobbs	.75		

[Reverse side]

PARTS—MATERIALS AND TIRES

Qty.	Article	Part No. or ref.	Amount

FERGUSON-OMAN COMPANY
EQUIPMENT SHOP COST RECORD

Date: 6/21/41. Equip. No.: R2383.
Driver name Dept.
Make: Int mixer. License

Instructions:
Check generator.
Charge battery.
Repair starter.

Shop Foreman: Weatherby.

Date	From	To	Hrs.	Name	Rate	Emp. No.	Amount
	8:30	10:45	2 1/4	Yeargin	1.25		
	8:30	10:45	2 1/2	Cantrell	.75		

[Reverse side]

PARTS—MATERIALS AND TIRES

Qty.	Article	Part No. or ref.	Amount
1	Armature	818002	\$4.00
1	Set brushes	1857960	.40

INVESTIGATION OF THE NATIONAL DEFENSE PROGRAM 3533

FERGUSON-OMAN COMPANY
EQUIPMENT SHOP COST RECORD

Date: 6/21/41.

Equip. No.: A-2366.

Driver name:-----

Dept.:-----

Make: G. M. C. Model: Dump.

License: 5864.

Instructions:

Check miss in motor.

Clean plugs.

Shop Foreman: S. W. Stein

Date	From	To	Hrs.	Name	Rate	Emp. No.	Amount
-----	9:00	9:15	¼	Brown-----	-----	-----	-----

[Reverse side]

PARTS—MATERIALS AND TIRES

Qty.	Article	Part No. or ref.	Amount
-----	-----	-----	-----
-----	-----	-----	-----
-----	-----	-----	-----

FERGUSON-OMAN COMPANY

EQUIPMENT SHOP COST RECORD

Date: 6/21/41

Equip. No. A2366

Driver Name:-----

Dept.:-----

Make: G. M. C. Dump. 5,796 miles.

License: 13-532

Instructions:

Check motor for miss.

Clean light switch.

Shop Foreman: H. Furr.

Date	From	To	Hrs.	Name	Rate	Emp. No.	Amount
6/21/41	12:00	1:15	1¼	Jamison-----	1.25	-----	-----
6/21/41	12:00	1:00	1	Nix-----	.75	-----	-----

[Reverse side]

PARTS—MATERIALS AND TIRES

Qty.	Article	Part No. or ref.	Amount
1	Fuse-----	20 amp----	\$0.02

FERGUSON-OMAN COMPANY
EQUIPMENT SHOP COST RECORD

Date: 6/21/41
Driver Name _____
Make: G. M. C. Model: Dump.

Equip. No.: A-2366
Dept. _____
License: 5933

Instructions:
 Check miss in motor.

Shop Foreman: Weatherby.

Date	From	To	Hrs.	Name	Rate	Emp. No.	Amount
	4:00	12:00	8	Marsh.....	\$1. 27		
-----	4:00	12:00	8	Herrington.....	75		
-----	9:00	12:00	3	Sublette.....	1. 25		
-----	10:30	12:00	1 1/2	Livingston.....	. 75		

[Reverse side]

PARTS--MATERIALS AND TIRES

Qty.	Article	Part No. or ref.	Amount
1	Set Manifold Gaskets.....	2087384	\$0. 15
1	“ Pan “.....	2087385	26
1	“ Head “.....	2083764	2. 40
1	“ Rings.....	2104899	10. 12
6	Valve guides.....	838752	1. 12
6	Valves.....	6107385	2. 48
			16. 53
			41. 76
			58. 29

AFFIDAVIT No. 58-A

I, Philip W. Harrison, having been sworn previously in this proceeding make the following statement in the further support of my testimony to Mr. H. G. Robinson, knowing him to be an Investigator of the Special Senate Committee Investigating the National Defense Program.

I have read the affidavit of John H. Taylor and note that he contends there were only six pools operated at the plant and I refer to Exhibit attached to this affidavit, the letter addressed by J. F. McCarthy to First Lt. J. E. Closson where it is mentioned, “There is at the present time approximately 16 departments which are supposed to furnish the Transportation Department of the Ferguson-Oman Company the daily motor vehicle dispatch record,” and again “If the following procedure and recommendations are accepted it will reduce 16 widely scattered motor pools to three well-established pools.” Mr. Taylor has not included in his computations the pools operated by various departments inasmuch as they were not definitely characterized as pools although being under the supervisions of a dispatcher, or assistant dispatcher, etc. should have been so classified. From memory I can recall 12 of the 16 pools as follows:

1. Whitthorn
2. Graball
3. Graball Lavinia
4. H. K. Ferguson Company
5. Heavy Equipment
6. Milan Ordnance Depot
7. H. K. Ferguson, Milan Ordnance Depot
8. Light Equipment
9. Batch Plant No. 1
10. Batch Plant, Milan Ordnance Depot
11. Electrical Maintenance
12. Electrical Department

In connection with the motor pools operated in nearby towns, I testified that \$32,000 per year could have been saved by their elimination and I merely refer to an Exhibit submitted by Mr. Taylor with his affidavit which is a letter from Major Glen E. Hofto, Constructing Quartermaster, October 25, 1941, from which the following is quoted: "Due to excessive cost the motor pools in Jackson and Humbolt are to be discontinued Monday, October 27, 1941."

Mr. Taylor testified that he dismissed me on June 17 with the approval of Mr. A. K. Ferguson and Mr. Wallace H. Faulk for refusal to comply with the rules and regulations of the department as established by Mr. Taylor. It is true that on numerous instances circumstances forced my going over Mr. Taylor's head on matters I knew to be proper due to my knowledge of Government requirements which were acquired on the job at Camp Blanding and due to the fact that Taylor treated the matters in an arbitrary manner as a personal issue between us. As to the approval by Mr. Ferguson of my dismissal, this is incorrect inasmuch as Mr. Cupps, Mr. Ferguson's asst. had offered me a job as a straw boss, placed me in a pool, and I was photographed and given a badge number with the understanding that despite seniority rules I was to have the next available opening. As to my establishment of the original convoy system with Mr. Taylor's approval, it was pointed out that I was brought to this project by Mr. Oscar Miller, Personnel Director for the specific purpose of establishing a convoy system and after the roads had reached a stage permitting buses to operate I had recommended its discontinuance due to excessive cost and no action was taken on it and when Mr. Taylor suddenly approved of its elimination it was apparent that he was only using this as a means of eliminating me from his department so that at that particular time I opposed the elimination merely to deter Mr. Taylor from his avowed purpose. As to the efficiency of the plan established by Mr. Taylor I attach hereto an original communication dated June 27 over the signature of Leo B. Helzel, Chief Time Inspector outlining my continued attempts to supplant the convoy system with bus transportation which according to Mr. Helzel would save the Government a complete waste of at least \$2,000. a week. There is also attached original communication over the signature of Leo B. Helzel dated July 2, outlining the cost of overtime wages paid to the truck drivers used for convoy purposes and suggesting that action be taken on his previous letter of June 27. In the division known as the Heavy Truck Division and which was under my supervision, I had 2½% of the hourly payroll assigned to me whereas in the Light Truck Division under the supervision of J. T. Smith Jr. who was a nephew of John Oman and whose father, J. T. Smith Sr. was Assistant Superintendent of Roads under Mr. Kirby at \$90. per week had 50% of the hourly payroll. The small amount of help assigned in my department compiled the Master Recap of Vehicle Operation which was made out by the personnel of my office; namely, Miss Dorothy Robinson and Mr. Gerald Towater and was never made out by the personnel of Taylor's office. When we first set up the compilation of this report, I requested the necessary forms through John Taylor's office and it took me approximately seven weeks to get them, but at the time I left the contractor's employ on June 17 the work was only 4 days behind and on the reduction of personnel my section took the largest cut but was still the best operated department. If any delay was occasioned by my insistence in making out this report which I knew was necessary, it was brought about by the dilatory tactics of Taylor in obtaining the necessary forms at the outset of the work and in forcing my section to stand a major portion of the reduction in personnel. Knowing the necessity for making up this report I admit that it was one instance in which I went over Taylor's head and numerous communications in the files of the Constructing Quartermaster will verify the fact that the report was necessary and the failure in keeping this report currently to date has made it impossible to determine the operating cost on the extensive number of motor vehicles on the project. In this connection the Exhibit attached to Mr. Taylor's affidavit is of interest and before any credibility can be attached to the figures reflecting the cost per mile of operating motor vehicles the following would be necessary:

1. Physical inspection of basic information used in compiling the report.
2. Trial balance on repair and replacement parts, tires and necessities showing the parts purchased, parts used and parts remaining in stock.
3. Trial balance on gas and grease.
4. Daily time cards, mechanics, mechanic helpers, and laborers.
5. Cost data for parking areas which are not included.
6. Cost data for the tire and battery department.

7. Cost data for dispatchers and help assigned to motor pools and directly chargeable to vehicle operation.

8. Additional cost of superintendent's salary half of which is charged to the Transportation Department.

It can be seen from the omission of the foregoing factors the schedule submitted by Mr. John H. Taylor did not reflect the cost per mile of operating vehicles on the project by a tabulation of the repair costs for the vehicles which computation is open to serious question and could not possibly be capable of support due to the absence of the Master Recap of Vehicle Operation as abolished by Mr. Taylor. There is no way possible on the present system of operation of determining the mileage traveled by any vehicle on the project and in order to obtain the miles traveled for the purposes of a schedule it is assumed that the speedometer readings of the various trucks were taken from the gas tickets. Due to the large number of trucks owned by the Government transferred into the project from other locations the use of the total speedometer reading would bring into the computation mileage which was not performed on this project and which did not have an allocation of its proportionate cost. I also know of my own knowledge that a large number of speedometers were broken, were not working and the mileage reflected on the speedometers is not correct. As an illustration of the foregoing I quote from a report submitted by the Equipment Section of the Constructing Quartermaster as follows:

"On September 13 a report entitled 'Daily Motor Vehicle Report' submitted" by the Transportation Department of Ferguson-Oman Company failed to list seventy-five pieces of motorized vehicle. The laxity of this report is because there is no control over light equipment (Sedans, Station Wagons, and Pickup Trucks). If all motor vehicles were required to check through the established motor pools at least once every twenty-four hours, an accurate motor vehicle report could be obtained. This would not necessitate additional personnel because the organization is and has been established for months and regardless of whether two hundred vehicles check through the motor pool or whether all check through the pool, it will still require the same amount of personnel. Therefore, this record system could be established and could be submitted accurately without difficulty, without additional cost, without additional personnel, and without enlarging the present established motor pool."

(Signed) PHILIP W. HARRISON.

Sworn to and subscribed to before me, at Minden, Louisiana, January 23, 1942.
County of Webster.

[SEAL]

NANCY LEE,
Notary Public, Lifetime Commission.

[Exhibit 1 attached to Affidavit No. 58-A]

WAR DEPARTMENT

OFFICE OF THE CONSTRUCTING QUARTERMASTER

WOLF CREEK ORDNANCE PLANT

MILAN, TENNESSEE, *October 30, 1941.*

QM 480.

Subject: Motor Vehicle Control.

To: 1st Lt. J. E. Closson.

1. Records show that numerous motor vehicles are leaving Wolf Creek Ordnance Plant and Milan Ordnance Depot without proper authorization and when same are not on official duty and during the working hours of personnel.

2. It is recommended that all motor vehicles at the Wolf Creek Ordnance Plant and the Milan Ordnance Depot have their license plates removed immediately with the exception of the very few motor vehicles which have been authorized by a Motor Vehicle Privilege Card to leave the reservation and that the guards at all gates of the Wolf Creek Ordnance Plant and the Milan Ordnance Depot be directed not to permit any Government owned or rental vehicle to leave this station without a proper license plate attached there on and also a properly issued Motor Vehicle Privilege Pass. It is recommended that trip tickets which are now being used as temporary passes be discontinued and that in the event it is necessary for a vehicle to leave the reservation, such as fuel

trucks, etc., that these vehicles be issued a special Motor Vehicle Privilege Card.

3. According to Daily Motor Vehicle Dispatch Records received at this division for the first time since this form went into use as a basic record on light equipment, there have been numerous vehicles in the light equipment category that are still failing to check through the motor pool to which they have been assigned and the operators of these vehicles have completely ignored and disregarded directives, letters and notices sent to them, not only through the Transportation Division of the Ferguson-Oman Company, but directly from the office of the Constructing Quartermaster.

4. It is recommended that the gasoline be immediately discontinued from all vehicles which fail to properly check through the motor pool so that an adequate record system can be established.

5. From the general appearance of the Daily Motor Vehicle Dispatch Records it is evident that all light equipment dispatchers are not qualified and experienced in this particular type of work. Due to the fact that these records are incomplete, improperly filled out, and, in some cases, absolutely no entry has been made on some motor vehicles at any period of time so we make the following recommendations:

(a) That this division through its transportation inspector has set up a uniform procedure which could be followed by the Light Equipment Division of the Transportation Department, which procedure follows and is for your perusal.

(b) That the dispatcher now handling the Heavy Truck Division be given the responsibility of dispatching all motor vehicles at this station and same can be accomplished because all light equipment is dispatched at a later hour in the morning than the heavier truck division, consequently, these men are idle at that time and these vehicles can be checked into the pool in the evening without additional personnel, because their hour of reporting is entirely different from that of the heavier truck division, consequently, the dispatcher in the various motor pools are idle at that time.

(c) It is recommended that the filing, typing, and detail work attached to the Light Equipment Division be consolidated into and made a part of the office of the heavier truck division now efficiently operating and which seems to have a good general knowledge of motor vehicle dispatching.

6. From records, we have determined that the primary reason that we are not receiving adequate basic records on all motor vehicles is because there is at the present time approximately 16 departments which are supposed to furnish the Transportation Department of the Ferguson-Oman Company the Daily Motor Vehicle Dispatch Record and it is because of these numerous departments assuming responsibility that we feel it is creating the condition which causes inadequate, incomplete Motor Vehicle Dispatch Records, therefore, we recommend the following:

(a) That the Batch Plant No. 1 be required to utilize Motor Pool No. 1, and that this motor pool submit a Daily Motor Vehicle Dispatch record and not the Batch Plant located on Route 104 in Wolf Creek Ordnance Plant.

(b) It is recommended that Batch Plant No. 1, MOD, utilize Motor Pool No. 7 which is located approximately 1000 feet from the aforesaid Batch Plant and that the dispatcher in Motor Pool No. 7 be entirely responsible for the Daily Motor Vehicle Dispatch Record working at Batch Plant No. 1, MOD area.

(c) It is recommended that Motor Pool No. 2 now located at the Graball Time Gate be discontinued and consolidated into and made a part of Motor Pool No. 7 now located in the centralized point of the MOD area. This recommendation is made because all vehicles working out of Motor Pool No. 2 are assigned and working in the MOD area and it would save hundreds of miles per day for these vehicles to be operating from Motor Pool No. 7.

(d) It is recommended that Motor Pool No. 4 of the H. K. Ferguson Company now located at the intersection of Highway 54 and 75 be consolidated into and made part of Motor Pool No. 7 in the MOD area and that the dispatcher operating at the present time in Motor Pool No. 7 be given the responsibility of dispatching vehicles from Motor Pool No. 4.

(e) It is recommended that all vehicles not of a dangerous nature such as gasoline trucks and grease trucks, etc., in Motor Pool No. 5 be consolidated into and made a part of Motor Pool No. 1 and that the vehicles which are classified as of a dangerous nature be assigned on a permanent 24 hour basis and that same be required to just check thru Motor Pool No. 1 at least once every 24 hour period.

(f) It is recommended that Motor Pool No. 6 handling vehicles of the H. K. Ferguson Company of the MOD area be consolidated into and made a part of Motor Pool No. 7 in the MOD area.

(g) It is recommended that the vehicles assigned to the Steel Department under the supervision of Mr. Wagner, be assigned to and made a part of Motor Pool No. 3 located on the Graball-Lavinia Road.

(h) It is recommended that the 16 vehicles, more or less, assigned to Mr. Weldon of the Electrical Department be required to check through Motor Pool No. 3 at least once every 24 hours and these vehicles should be assigned on a 24 hour basis but the dispatcher in Motor pool No. 3 should be held responsible for the Motor Vehicle Dispatch Record on these vehicles. If in the event that Mr. Wagner and Mr. Weldon are utilizing any light equipment such as Station Wagons, Sedans and Pickup Trucks, it is recommended that they follow the same procedure as other motor vehicles on Wolf Creek Ordnance Plant and Milan Ordnance Depot and be assigned to one of the main motor pools where they will check through at the end of each shift which is only normal procedure and policy.

(i) It is recommended that all vehicles assigned to the Heavy Equipment Division be requested to check into Motor Pool No. 3 due to the fact that this pool is approximately 1000 feet away from the Heavy Equipment Repair Barn and it is absurd, ridiculous, and not good policy to employ motor vehicle dispatchers to submit a record on some 18 or 20 motor vehicles when there is an established motor pool with qualified dispatchers within 1000 feet of this operation.

(j) It is recommended that all vehicles assigned to the Fire Department in the MOD area, not be required to check through any motor pool but that the dispatcher carry these vehicles on the Daily Motor Vehicle Dispatch Record showing that they are assigned permanently to the Fire Department and record on the Dispatch Record working time of 16 hours per day and idle 8 hours per day.

(k) It is recommended that vehicles assigned to the Light Equipment Garage check through the Motor Pool the same as any other vehicles at Wolf Creek Ordnance Plant and Milan Ordnance Depot.

(l) It is recommended that all motor vehicles of the Personnel Department be required to report to the motor pool either at the end of the work shift or if same is assigned on 24 hour period these vehicles should be checked at least once every 24 hour period.

(m) It is recommended that vehicles assigned to the Mechanical Division be required to check through a motor pool and that the small motor pool now established at the Mechanical Division be discontinued and consolidated with the motor pool most convenient to them and that the qualified dispatcher now working in the motor pool be held responsible for the Daily Motor Vehicles Dispatch Records on these vehicles.

7. If the following procedure and recommendations are accepted it will reduce 16 widely scattered motor pools to 3 well established pools operating under the supervision of a well qualified experienced motor vehicle dispatchers who we feel, will be able and in a position to submit to this department an adequate comprehensive and complete motor vehicle records.

8. If the foregoing recommendations are approved it will greatly reduce the excessive personnel which is now required to submit this record and would also reduce the operating cost of the Transportation Division an appreciable amount. This would have a tendency to give complete control over all motorized vehicles at this station whether they be classified as light equipment or heavier trucks, because all of the 994 motorized vehicles at this station would be accounted for in one of the 3 established motor pools and it is the opinion of this department that this is the only solution that will adequately work.

9. This department recommends and suggests that the foregoing and attached procedure be used and adhered to and if it is not of the opinion of the Transportation Officer of the Constructing Quartermaster and of the Transportation Supervisor of the Contractor that this procedure will adequately fulfill the needs and requirements of this division, then the Tool and Equipment Department of the Constructing Quartermaster recommends and suggests that all motor vehicle transportation at this station be immediately absorbed and become under the supervision of the Constructing Quartermaster and that all responsibility for motorized transportation at Wolf Creek Ordnance Plant and Milan Ordnance Depot be transferred and assigned to the Tool and Equipment Department of the Constructing Quartermaster.

J. F. McCARTHY,
Supervising Auditor,
Equipment Department.

[Exhibit 2 attached to Affidavit No. 58-A]

WAR DEPARTMENT

OFFICE OF THE CONSTRUCTING QUARTERMASTER

WOLF CREEK ORDNANCE PLANT

MILAN, TENNESSEE, *June 27, 1941.*

Subject: Convoys.

To: Mr. T. D. Thomas, Field Auditor.

1. Approximately thirty days ago a new system of timekeeping was introduced to the Contractor with the purpose of eliminating convoy costs to the work locations.

2. In spite of the new system being installed, there exists today a series of convoys from the Whitthorne and Graball Gates to the work locations.

3. Lt. Nickelsen has spoken to me with reference to the objective of the new system when the convoy costs still exist in some portion.

4. Mr. Phillip W. Harrison, of the office of the Chief Tool and Equipment Inspector, has stated that a bus company is very interested in giving transportation to the employees of the Ferguson-Oman Company to the work locations at a fare of 5¢ if the exclusive franchise is given to the bus company. This bus service would only be available to the employees at the beginning of the shift and at the close of the shift, as the Government will take care of the individual *construction convoy* within the area and out of the particular areas during the working hours, as called for by the needs of construction.

5. Mr. Harrison has volunteered to offer his services in outlining this bus service within the area to the work locations to the appropriate parties so that the Government will not be paying for convoy costs for men who are not on working time at the time they are convoyed.

6. The introduction of this system will save the Government a minimum of \$2,000.00 a week, the latter sum being a complete waste of Governmental funds.

LEO B. HELZEL,
Chief Time Inspector.

WAR DEPARTMENT

OFFICE OF THE CONSTRUCTING QUARTERMASTER

WOLF CREEK ORDNANCE PLANT

MILAN, TENNESSEE, *July 2, 1941.*

Subject: Convoys.

To: Mr. T. D. Thomas, Field Auditor.

1. Reference is made to communication of June 27, 1941 with reference to above mentioned subject.

2. There exists at this date a high cost of *overtime* wages paid to truck drivers for convoy purposes. The overtime generally runs between one hour to two hours each day because of delivery of men to the jobs from 7 A. M. to 8 A. M., and from 4:30 P. M. to 5:30 P. M.

3. Lt. Wise has questioned me with reference to the propriety of overtime pay for this reason. It is suggested that steps be taken to remedy the situation in accordance with the communication dated June 27, 1941.

LEO B. HELZEL,
Chief Time Inspector.

AFFIDAVIT No. 59

[In connection with this affidavit see Affidavit No. 59-A on p. 3540]

STATE OF TENNESSEE,

County of Carroll.

Personally appeared before me, the undersigned authority, C. J. Sullivan, Jr., who being first duly sworn, deposed as follows:

My name is C. J. Sullivan, Jr. At the present I am living in one of the dormitories at the Wolf Creek Ordnance Plant. I am employed by the H. K. Ferguson Company as Senior Field Engineer and Liaison Officer.

My attention has been called to the testimony of Mr. Harrison before the Senate Investigating Committee at Memphis, Tennessee, on November 18, 1941. Mr. Harrison testified that if the motor pools and truck lots had been consolidated into three master pools as he recommended, it would have saved the Government over two hundred thousand dollars (\$200,000.00) per year.

This is not correct. The operation of all of the motor pools and all of the truck lots in connection with the Wolf Creek Ordnance Plant and the Milan Ordnance Depot since the beginning of the job on or about the first of February, 1941, up until November 22, 1941, only totaled fifty-three thousand eight hundred eighty-seven dollars and ten cents (\$53,887.10).

It will be seen from the above that by no stretch of the imagination could the Government have been saved two hundred thousand dollars (\$200,000.00) a year by a consolidation of the pools and the truck lots into any groups or units.

C. J. SULLIVAN, JR.

Sworn to and subscribed before me this 24 day of November 1941.

[SEAL]

WINFRED H. LANCASTER, *Notary Public*.

Registered as a Notary Public in Henderson, Carroll, and Gibson Counties, Tenn., as provided by Chap. 193, Public Acts of Tennessee 1939.

My Commission Expires July 10th, 1945.

AFFIDAVIT No. 59-A

I, Philip W. Harrison, having been sworn previously in this proceeding make the following statement in the further support of my testimony to Mr. H. G. Robinson, knowing him to be an Investigator of the Special Senate Committee Investigating the National Defense Program.

I have read the affidavit of C. J. Sullivan, Jr., and in connection with the contention that my testimony stated that \$200,000. per year could have been saved by the consolidation of motor pools and truck lots, my testimony as I recall it shows that the cost of operating one department could have been reduced approximately \$300,000. per year which figure was made up of a saving of \$32,000. per year by the elimination of motor pools in surrounding towns, \$200,000. per year by the elimination of a convoy system and \$100,000. per year through the consolidation of the Light Transportation Division and the Heavy Truck Division. Mr. Sullivan contends that from February 1, 1941 to November 22, 1941 the cost of operating all of the truck lots totalled only \$53,887.10 which figure was set out to show that savings of \$100,000. could not have been possible under any circumstances. Mr. Sullivan does not show the source from which he obtained this figure of \$53,887.10 nor is it supported by any official record. It is perfectly obvious that the figure does not include the salary of administrative help and the salary of truck dispatchers and other employees working on the truck lots although classified as straw bosses. In order to clarify my position with reference to the savings which could be effected by the consolidation of these departments the following excerpt is set forth from a report submitted by the Equipment Section to the Constructing Quartermaster in September of 1941:

"There exist today two divisions in the Transportation of Ferguson-Oman Company. One division is classified as the personnel and truck division. This division handles the organization and supervising of the personnel transportation at Wolf Creek Ordnance Plant and Milan Ordnance Depot. Their duty is to supervise the system now operating within the gates of the reservation and the transportation of personnel from the various time clocks to the job locations. They are also in charge of the heavy truck division which handles vehicles of one and one-half ton and up, these vehicles serving the construction, roads, and railroad division in supplying materials, etc. The Light Transportation Division is that division which supervises the assignment and control over vehicles of one ton and less. At the present time these two divisions are operating as separate units. If these two divisions were consolidated and operate as one unit, it would eliminate the personnel and the operating cost of the Light Transportation Division and would not cause the Heavy Truck Division to add additional personnel nor would it require additional operating cost which we believe would

create a savings for the United States Government of at least \$100,000.00 per annum. This recommendation has been made previously but same has been ignored and no action has been taken to reduce the operating cost of the Transportation Department of Ferguson-Oman Company."

(Signed) PHILIP W. HARRISON.

Sworn to and subscribed to before me, at Minden, La., January 23, 1942, County of Webster.

[SEAL]

NANCY LEE, *Notary Public*.

Lifetime Commission.

AFFIDAVIT No. 60

[In connection with this affidavit see Affidavit No. 60-A on p. 3542]

STATE OF TENNESSEE,

County of Carroll:

Personally appeared before me, the undersigned Notary Public, in and for said State and County, Loyd Harris, who being duly sworn deposed as follows:

My name is Loyd Harris. I am thirty-four years old, and I live in Waverly, Tennessee. At the present time I am living at Milan, Tennessee, and I am employed as Assistant Superintendent in the Heavy Equipment Repair Shop at the Milan projects being built by the Ferguson-Oman Company.

I am thoroughly familiar with the change in numbers on the GMC trailer #2314. Trailer #2314 is a large sixteen-wheel trailer and tractor, and when we first got it, it was pulled by a GMC cab #2314. We got a larger GMC tractor, #E2333, early in the summer, and we thought that we could get better service by putting tractor #E2333 on to trailer #2314, and we did this. We put trailer #2308 on tractor #2314, and we got better service by doing this. This was done several months prior to the middle of September, and after making the change, up until about September 17, tractor #E2333 was pulling trailer #2314 and tractor #2314 was pulling trailer #2308.

Without any instructions from anybody, Mr. Thomas A. Replogle, the sign painter who numbers the tractors and trailers, on or about September 17, 1941, caught tractor #E2333 with trailer #2314 attached, and he painted out the trailer #2314 and painted on the trailer #E2333. Two or three days later he caught tractor #2314 pulling trailer #2308, and he painted out #2308 and put #2314 on it.

I caught the mistake that the sign painter had made in numbering these trailers within a few days after the error and called the same to Mr. John Taylor's attention, and he told me to send tractor #E2333 to the sign painter and have him put the correct original number on the trailer, which should have been #2314, and was originally. This was done. Tractor #E2333 is now pulling #2314 trailer.

I know that three new 17x10 tires and one new 17.50x5.10 Goodyear tube were put on the trailer that should have had #2314 on it, but when it came back the trailer had #E2333 on it, and this was what made me take the matter up with Mr. John Taylor. As the Tire Department is not in my department, I cannot say to what number of equipment these tires and the tube were charged, but they were actually put on the trailer that should have trailer #2314 on it and did have until the sign painter made the error and painted #E2333 on it, which error by the sign painter has been corrected by repainting the number 2314 on it. The trailer that should have borne #2314 and which did have the new tires and the tube put on it, needed them badly at that time.

We have a tractor #E2333 which came in without a trailer and that was the reason for putting trailer #2314 on tractor #E2333. Regardless of what equipment the tires and tube were charged to, they went on our trailer #2314, and we do not have a trailer #E2333.

LOYD HARRIS.

Subscribed and sworn to before me this 24 day of November, 1941.

[SEAL]

WINFRED H. LANCASTER, *Notary Public*.

My Commission Expires: July 10, 1945.

Registered as a Notary Public in Henderson, Carroll, and Gibson Counties, Tenn., as provided by Chap. 193, Public Acts of Tennessee 1935.

AFFIDAVIT No. 60-A

I, Philip W. Harrison, having been sworn previously in this proceeding make the following statement in the further support of my testimony to Mr. H. G. Robinson, knowing him to be an Investigator of the Special Senate Committee Investigating the National Defense Program.

In connection with the affidavit of Loyd Harris, I note with interest his comment "I caught the mistake that the sign painter had made" and this is of interest inasmuch as I had called this matter to the attention of John Taylor, Superintendent of Light Equipment, on two different occasions before anything was done about it. Regardless of any changes subsequently made the repairs made on the trailer and the new tires withdrawn from stock were charged against trailer No. E2314 at the time it had the fictitious number of E 2333 on it, whereas these tires should have been charged to the original No. E2314 which at that time had already had in excess of \$400. in repair charges. I will concede that the repairs and the tires actually were put on the trailer originally known as E2314 but it is my contention that the change of numbers resulted in an improper recording of the charges on the records of the heavy equipment garage. I am not familiar with the steps taken to correct this situation but at the time I left, the improper number was still on the trailer.

(Signed) PHILIP W. HARRISON.

Sworn to and subscribed to before me, at Minden, Louisiana, January 29, 1942.

[SEAL]

NANCY LEE, *Notary Public*.

Lifetime Commission.

AFFIDAVIT No. 61

[In connection with this affidavit see Affidavit No. 60-A above.]

STATE OF TENNESSEE,

County of Carroll:

Personally appeared before me, the undersigned Notary Public, Thomas A. Repogle, who being duly sworn deposed as follows:

My name is Thomas A. Repogle. I am forty-three years old and live at Jackson, Tennessee. I am a sign painter by trade and since March 20, 1941, I have been employed by the Transportation Department of the Wolf Creek Ordnance Plant and the Milan Ordnance Depot by the Ferguson-Oman Company.

My duties are to keep the correct numbers painted on the automotive equipment in the Transportation Department. I well remember on September 17, 1941, checking the numbers on a tractor-trailer truck. The tractor had the Company No. E-2333 painted on the windshield and the trailer had the Company No. 2314 painted on the side of the trailer.

I don't remember who was driving this truck but I saw that the numbers on the tractor and trailer did not tally and I called the difference in numbers, i. e. 2314 on the side of the trailer and E-2333 on the windshield of the tractor to his attention. I told him that the numbers on the windshield of the tractor and on side of the trailer were supposed to tally. He did not seem to know anything about it.

As I understand it the servicing on the tractor-trailer trucks are done by the numbers on both the tractor and trailer and I thought that these numbers ought to be made to correspond so that there would not be any mix-up of having this entire equipment charged twice for servicing this entire equipment.

Without saying anything to Mr. John Taylor, the Boss, I undertook to paint out the numbers 2314 on the trailer and to paint over these numbers E-2333.

Some time later, I think possibly two or three weeks, the driver of this equipment on which I had changed the trailer number from 2314 to E-2333, got after me saying that Mr. Taylor had hopped on him about this change in numbers on the trailer. I asked him if the trailer wasn't the trailer that belonged to the tractor. He said no this trailer has been changed to this tractor. He told me that Mr. Taylor did not want the original numbers on the trailer 2314 changed to the numbers E-2333. I told him that I had changed the trailer numbers to E-2333 because I thought the tractor numbers and trailer numbers ought to

check and if that was not right I would change the trailer numbers back to 2314, and this I proceeded to do on 2308.

THOMAS A. REPLOGLE.

Sworn to and subscribed before me this 24th day of November 1941.

[SEAL]

WINFRED H. LANCASTER, *Notary Public*.

Registered as a Notary Public in Henderson, Carroll, and Gibson Counties, Tenn., as provided by Chap. 193, Public Acts of Tennessee 1935.

My Commission Expires July 10th, 1945.

AFFIDAVIT No. 62

[In connection with this affidavit see Affidavit No. 62-A below.]

STATE OF TENNESSEE,
County of Carroll:

Personally appeared before, the undersigned Wallace H. Faulk, who being first duly sworn, deposes and says as follows:

My name is Wallace H. Faulk, and at the present time I live at Trenton, Tennessee. I am employed by the Ferguson-Oman Company as General Superintendent of Utilities Construction.

My attention is called to the testimony of Mr. Harrison before the Senate Investigating Committee at Memphis, Tennessee on November 18, 1941, in which Mr. Harrison displayed a picture before the Committee of Caterpillar D-7 tractor, Number 71.

Mr. Harrison testified that this tractor had been idle on the job three months.

This statement is absolutely not correct. The fact is that this tractor, as supported by the records, came on the job on March 17, 1941, and since that time has worked a total of 3,710 hours, an average of approximately 460 hours per month, or better than 14 hours per day, 30 days each month.

It will be seen from the above, which is supported by records, there is no foundation for the testimony offered in connection with this tractor. Neither Mr. Harrison, nor any other tool or equipment checker, has reported this equipment idle to the contractor.

WALLACE H. FAULK.

Sworn to and subscribed before me this 24 day of November, 1941.

[SEAL]

WINFRED H. LANCASTER, *Notary Public*.

Registered as a Notary Public in Henderson, Carroll, and Gibson Counties, Tenn., as provided by Chap. 193, Public Acts of Tennessee 1935.

My commission expires July 10th, 1945.

AFFIDAVIT No. 62-A

I, Philip W. Harrison, having been sworn previously in this proceeding make the following statement in the further support of my testimony to Mr. H. G. Robinson, knowing him to be an Investigator of the Special Senate Committee Investigating the National Defense Program.

I have read the affidavit of Wallace H. Faulk in respect to Caterpillar Tractor No. 71. The records of the Equipment Section show that from March 17 to September 30, the date it was recaptured, this tractor worked 3,006 hours, was idle 1,630 and was being repaired 116 hours. I did not testify as Mr. Faulk contends that this tractor was idle for three months but testified that this tractor had been "spotted" hidden in the woods approximately 100 yards off the highway and after having been idle for several days the photograph which I introduced was taken. The reason for taking the photograph was because there appeared no reason for the tractor being hidden in this spot. When I testified that, "These three have been on what they call the hill behind the heavy equipment barn and have been idle for three months," I was referring to a photograph of three tractors which I introduced and which I still contend were idle for three months at the

time of the photograph and this portion of my testimony did not refer to the photograph of tractor No. 71. In this connection it is noted that photographs had been prepared with statistical information taken from the records of the Equipment Section and which I intended to use as part of my testimony. Because of the fact that I had been discharged immediately prior to the hearing the officials at the project questioned whether to permit the photographs to be delivered in my custody and accordingly arrangements were made to deliver them to Mr. J. F. McCarthy to be produced by him at the hearing so that I could testify therefrom. These photographs were not produced and a special telephone call was placed back to the project and a group of photographs were delivered by special messenger which were not the ones prepared for the hearing. The photograph of the three tractors in question does not have any statistical data accompanying it and I was unable to testify properly from this photograph due to the failure of the officials to produce the proper pictures at the hearing.

(Signed) PHILIP W. HARRISON.

Sworn to and subscribed to before me, at Minden, Louisiana, January 23, 1942, County of Webster.

[SEAL]

NANCY LEE, *Notary Public*.

Lifetime commission.

AFFIDAVIT No. 63

[In connection with this affidavit see Affidavit No. 63-A on p. 3545]

MILAN, TENNESSEE, *November 24, 1941.*

STATE OF TENNESSEE,
County of Carroll:

Personally appeared before me, the undersigned authority, John H. Ralls, who being duly sworn deposes as follows:

My name is John H. Ralls. I am at present time living in Milan, Tennessee, and I am employed by the Ferguson-Oman Company of the Equipment Rental Department. I have been so employed since February, 1941, on the Wolf Creek Ordnance Plant near Milan, Tennessee.

My attention is called to the testimony of Mr. Phillip W. Harrison before the Senate Committee in Memphis, Tennessee, on November 18, 1941, as follows:

"This is a ditching machine which had been received on the reservation at the time we took the photograph, it had not worked any at all. It was brand new and had been ordered on to the reservation."

Senator BREWSTER. "Do you know how long it had been there?"

Mr. HARRISON. "I understand it had been there approximately three (3) weeks."

The facts with reference to this machine are as follows:

A request was made under date of July 1, 1941, with notation on same, "To Arrive at once". The Purchasing Department immediately called for bids, and three Lessors submitted bids. The Midwest Construction Company submitted low bids on two "Cleveland Trenching Machines" at a new cost of \$5,585.00 each, and a rental per month of \$650.00 each. The requisition was completed on August 4, 1941, and Midwest Construction Company was instructed to ship machines, after we had obtained the regular approval of Lt. Bruce and Lt. Nicholson of the Constructing Quartermaster's Office. The machines arrived on the project on August 22, 1941. It will be noted that August 24th was Sunday, and the records in the Accounting Department showed that these machines started work on August 27th. These ditching machines, therefore, were not idle three weeks, as stated by Mr. Harrison.

There are approximately 873 Igloos scattered over the area for storage of ammunition, and these machines were rented for the purpose of excavating for footings of a great portion of these igloos, and have been used on the job with great savings of expense since that time.

It is impossible to order any machinery especially during the present emergency so that the same will arrive exactly at the time when the construction crews are ready to use said machinery. It is necessary to order these machines as soon as possible for if the order is delayed, the machine may be lost to another project with priority ratings. We have been instructed to anticipate our requirements, and we are endeavoring to do so.

JOHN H. RALLS.

Sworn to and subscribed before me this 24 day of November, 1941.

[SEAL]

WINFRED H. LANCASTER, *Notary Public*.

Registered as a Notary Public in Henderson, Carroll, and Gibson Counties, Tenn., as provided by Chap. 193, Public Acts of Tennessee 1935.

My Commission Expires July 10th, 1945.

AFFIDAVIT No. 63-A

I, Philip W. Harrison, having been sworn previously in this proceeding make the following statement in the further support of my testimony to Mr. H. G. Robinson, knowing him to be an Investigator of the Special Senate Committee Investigating the National Defense Program.

I have read the affidavit of John Ralls with respect to ditching machine No. 1813. According to the records of the Equipment Section this piece of equipment had been on the project 312 hours up to August 31. During that time it had worked 16 hours and the records further indicate that up to October 31 this piece of equipment worked 374 hours and was idle 1,254 hours or 77% of the time and was recaptured on August 31 at a cost to the Government of \$5,752.55 or a cost of approximately \$18.00 per hour for the 374 hours that it worked.

(Signed) PHILIP W. HARRISON.

Sworn to and subscribed to before me, at Minden, Louisiana, January 23, 1942, County of Webster.

[SEAL]

NANCY LEE, *Notary Public*.

Lifetime commission.

AFFIDAVIT No. 64

[In connection with this affidavit see Affidavit No. 64-A, on p. 3546]

STATE OF TENNESSEE,

County of Carroll:

Personally appeared before me the undersigned, Wallace H. Faulk, being first duly sworn deposed as follows:

My name is Wallace H. Faulk and I am employed by the Ferguson-Oman Company as General Superintendent Utilities Construction on the Wolf Creek Ordnance Plant and the Milan Ordnance Depot. At the present time I am living in Trenton, Tennessee.

My attention has been called to the testimony of Mr. Harrison before the Senate Investigating Committee in Memphis, Tennessee, on November 18, 1941, at which time he testified that the Rome Pull Grader used on this project was idle approximately 90% of the time. Mr. Harrison introduced a picture and testified that a wheel was off of the grader at the time the picture was taken. No doubt there was a wheel off of this piece of equipment at one time requiring repairs. The other part of the testimony given by Mr. Harrison in connection with the machine being idle for 90% of the time is not correct.

A Rome Pull Grader is a wet weather machine and it is the general practice to keep one or more of such machines on any kind of a grading job, due to the fact that during wet weather the motor patrol used in dry weather and mounted on pneumatic tires will not perform the necessary work.

This piece of equipment was rented at the extremely low figure of \$55.00 per month, which is cheap equipment to be held for an emergency in wet weather and especially on a project of this kind where time is an essence.

Nevertheless as will be shown from the records this piece of equipment has worked 2,064 hours as against 3,000 possible idle hours.

WALLACE H. FAULK.

Subscribed and sworn to before me, this 24 day of November, 1941.

[SEAL]

WINFRED H. LANCASTER, *Notary Public*.

Registered as a Notary Public in Henderson, Carroll, and Gibson Counties, Tenn., as provided by Chap. 193, Public Acts of Tennessee 1935.

My Commission Expires July 10th, 1945.

AFFIDAVIT No. 64-A

I, Philip W. Harrison, having been sworn previously in this proceeding⁷ make the following statement in the further support of my testimony to Mr. H. G. Robinson, knowing him to be an Investigator of the Special Senate Committee Investigating the National Defense Program.

I have read the affidavit of Wallace H. Faulk pertaining to a Rome Pull Grader No. 600 concerning which I testified that the equipment was idle approximately 90% of the time. Records in the Equipment Section will show that this item was received on the project on February 14 and was not used until March 24 when it worked 8 hours and it was not again used until April 2. During August it worked 20 hours being repaired 366 hours and was idle 358 hours. Over the entire period from February 14 to October 31 it worked 2,084 hours, was idle 3,322 hours and was being repaired 834 hours or in other words the item was not working 60% of the time. The time the picture was taken the grader was parked in a field with one wheel off and there was another grader on the hill back of the equipment barn idle which was to be shipped off the project as soon as released inasmuch as one grader would answer the requirements at the time. It is questionable why this particular No. 600 the property of Oman Construction Company could not have been released in place of the other grader. As justification for keeping this item on the project it is cited by Mr. Faulk that this was a wet-weather machine to be used when the ground would not permit the use of other type graders. Although I am not a construction man it appears to me that satisfactory grading operations could not be performed under conditions which would not permit the use of pneumatic-tire graders.

(Signed) PHILIP W. HARRISON.

Sworn to and subscribed to before me, at Minden, Louisiana, January 23, 1942.
County of Webster.

[SEAL]

NANCY LEE, *Notary Public*.

Lifetime commission.

AFFIDAVIT No. 65

[In connection with this affidavit see Affidavit No. 65-A, on p. 3547]

STATE OF TENNESSEE,
County of Carroll.

Personally appeared before me, the undersigned authority, Wallace H. Faulk, who being duly sworn, deposes as follows:

My name is Wallace H. Faulk, and I am employed by the Ferguson-Oman Company as General Superintendent Utilities Construction in the Wolf Creek Ordnance Plant and the Milan Ordnance Depot.

My attention is called to the testimony of Mr. Harrison before the Senate Investigating Committee, Memphis, Tennessee, on November 18, 1941, at which time he testified that a "smith wagon" on the job was down about ninety (90) days. It is not known which "smith wagon" Mr. Harrison referred to.

However, there were only two (2) "smith wagons" on the job and both of them will be covered in this affidavit.

The two "smith wagons" came on the job on March 18, 1941. As the projects were only getting into operation, these two pieces of equipment had to wait for pull tractors before being operated and, therefore, during the month of March one of them worked twenty-eight (28) hours and the other worked fifty-six (56) hours.

However, thereafter these "smith wagons" worked during April, May, June, and July a total as follows: one "smith wagon" 1,475 hours, and the other 1,369, or an average of more than 400 hours per month each, or an average of 13 hours per day each.

On July 12, 1941, by letter through the proper channels, these two "smith wagons" were recommended for termination, that is release back to the lessor or transfer to another project. These two "smith wagons" were parked in a line with other machines recommended for termination at the rear of the Heavy Equipment Garage, awaiting instructions from the Zone Constructing Quartermaster.

These machines were purchased by the Zone Constructing Quartermaster to be used as maintenance equipment on the finished projects within the Zone, but were kept behind the Heavy Equipment barn pending instructions from Zone as

to where they were to be shipped. These "smith wagons" were shipped on November 1, 1941 to Huntsville, Alabama Arsenal upon instructions from Zone.

The intimation from the testimony of Mr. Harrison is that this equipment was idle due to the negligence of the contractor, which is not true. The "smith wagons", together with other equipment, were recommended for termination and, as stated, were held pending instructions from the Zone Constructing Quartermaster. Mr. Harrison did not ask me about this equipment or I would have been glad to have explained to him the details concerning its use and position on the project.

WALLACE H. FAULK.

Sworn to and subscribed before me this 24th day of November, 1941.

[SEAL]

WINFRED H. LANCASTER, *Notary Public*.

Registered as a Notary Public in Henderson, Carroll, and Gibson Counties, Tenn., as provided by Chap. 193, Public Acts of Tennessee 1935.

My commission Expires July 10th, 1945.

AFFIDAVIT No. 65-A

I, Philip W. Harrison, having been sworn previously in this proceeding make the following statement in the further support of my testimony to Mr. H. G. Robinson, knowing him to be an Investigator of the Special Senate Committee Investigating the National Defense Program.

I have read the affidavit of Wallace H. Faulk concerning two "smith wagons" wherein he states that after being recommended for termination on July 12, these wagons were parked in line with other machines at the rear of the heavy equipment garage, awaiting instructions from the Zone Constructing Quartermaster. The photograph from which I testified, taken during the latter part of August, clearly shows that these wagons were on a vacant lot south of the heavy equipment barn with all tracks removed and parts lying around on the ground not being worked on and even if "Zone" had approved their termination they could not have been moved from their location without extensive repairs. Records of the Equipment Section show that wagon No. 1113 only worked 20 hours during the month of July and even though the picture which was taken in the latter part of August shows the wagon broken down, Mr. Faulk's affidavit outlines that the wagons were not shipped to Huntsville, Alabama until November 1. The intimation by Mr. Faulk that these wagons were being held pending instructions from the Zone Constructing Quartermaster and were not idle due to the negligence of the contractor is properly refuted by an examination of the condition of the wagons as indicated by the photograph and his statement that the wagons were purchased by the Zone Constructing Quartermaster is incorrect inasmuch as no evidence points to the statement that the Zone Constructing Quartermaster purchases equipment and if same were sent to that project by the Zone Constructing Quartermaster it would have had no bearing on the equipment remaining idle and the items were recaptured on July 31, 1941 at a cost of \$1,575.00 each.

(Signed) PHILIP W. HARRISON.

Sworn to and subscribed to before me, at Minden, Louisiana, January 23, 1942, County of Webster.

[SEAL]

NANCY LEE, *Notary Public*.

Lifetime commission.

AFFIDAVIT No. 66

[In connection with this affidavit see Affidavit No. 66-A on p. 3548]

STATE OF TENNESSEE,
County of Carroll.

Personally appeared before me the undersigned authority John H. Taylor who being duly sworn deposed as follows:

My name is John H. Taylor and I am employed by the Ferguson-Oman Company as Superintendent of Transportation and Equipment. My address is Milan, Tennessee.

My attention was called to the testimony of Mr. Harrison before the Senate Investigating Committee in Memphis, Tennessee on November 18, 1941, at which time Mr. Harrison testified that Caterpillar Tractor A-29 was idle 90% of the time and exhibited a photograph of same. This statement is not correct.

This piece of equipment came on the job June 13, 1941 and was assigned to the Building Department. The Building Department at that time was working the tractors only on an eight hour per day shift. This tractor was used purely, as a pull unit for pulling heavy material to and from the building sites. It is true that this piece of machinery was parked for some time but it worked a total of 852 hours as against 2,076 hours idle based on a 24-hour day. The tractor, therefore averaged approximately six hours per day while working with a crew which operated only eight hours per day as shown by the records.

JOHN H. TAYLOR.

Subscribed and sworn to before me this 24 day of November 1941.

[SEAL]

WINFRED H. LANCASTER, *Notary Public*.

Registered as a Notary Public in Henderson, Carroll, and Gibson Counties Tenn., as provided by Chap. 193, Public Acts of Tennessee 1935.

My Commission Expires July 10th, 1945.

AFFIDAVIT No. 66-A

I, Philip W. Harrison, having been sworn previously in this proceeding make the following statement in the further support of my testimony to Mr. H. G. Robinson, knowing him to be an Investigator of the Special Senate Committee Investigating the National Defense Program.

I have read the affidavit of John H. Taylor and note that although the other affidavits referring to heavy equipment items were executed by W. H. Faulk, this affidavit was executed by Mr. Taylor, Superintendent of the Light Equipment Section of the contractor and undoubtedly for the reason that the tractor in question was owned by the Couch Construction Company in which company Mr. Faulk is a partner. It is true that records of the Equipment Section show that this tractor worked a total of 846 hours since it was received on the project on June 13 and was recaptured on October 31; however, in analyzing the above working hours it is noted that 630 hours of operation belong to the months of September and October which is subsequent to the time I first criticized this tractor for being idle at the hearing before the House Committee in Memphis, Tennessee. Up to the time the photograph was taken late in August the tractor had worked 216 hours and during the month of August this tractor was laid up idle 480 hours, was being repaired 248 hours and worked only 16 hours and during the entire period of its rental this tractor did not work 75% of the time.

(Signed) PHILIP W. HARRISON.

Sworn to and subscribed to before me, at Minden, La., January 23, 1942, County of Webster.

[SEAL]

NANCY LEE, *Notary Public*.

Lifetime Commission.

AFFIDAVIT No. 67

[In connection with this affidavit see Affidavit No. 67-A on p. 3549]

STATE OF TENNESSEE,
County of Carroll.

Personally appeared before me, the undersigned authority, A. Kingsley Ferguson, who being duly sworn, deposed as follows:

My name is A. Kingsley Ferguson. At the present time I am living in Jackson, Tennessee. I am employed by the Ferguson-Oman Company as Liaison Officer between the Contractor and the Constructing Quartermaster's office. I have been actively engaged in the construction industry for approximately seven years.

My attention is called to the testimony of Mr. Phillip Harrison before the Senate Committee in Memphis, Tennessee, on November 18, 1941, at which time he introduced a photograph of #1725, a Mobile Light Plant, and testified as follows:

"Mr. Harrison: This #1725 is a Light Plant generating electricity. It was received in a used condition, and it had remained idle about ninety-percent (90%) of the time."

This particular Mobile Light Plant #1725 was very necessary in the operations at the Wolf Creek Ordnance Plant. It was used as a stand-by for an emergency in the event of a break-down or cut-off of the power and light current. This unit was fully equipped and connected at the Administration Building, and particularly was it necessary as a stand-by plant for the International Business Machines which were used in the offices. These International Business Machines worked twenty-four hours a day, which was necessary in order to compile and compute the pay-roll records and issue the checks to the up-to fifteen thousand (15,000) employees who were employed on this project. A break-down on the light and power current without a stand-by plant would have resulted in a serious delay of the pay-rolls, and on a number of occasions would have prevented our issuing the pay-roll within the time limit established in our contract by the Government. It would further have caused most of the employees of the Payroll and the International Business Machines, numbering approximately forty persons, to remain idle at the Government's expense, and further would have caused serious and substantial claims from workmen as a result of time spent in waiting for their checks. These claims would have been made against, and at the expense of, the Government.

Power interruptions were frequent due to the inadequacy of sufficient power from the city of Milan during the early stages of the work, and later due to cut-offs necessitated during the construction of the permanent power supply.

Although the plant was idle a greater part of the time, it was vital to the operation of the Accounting systems, as well as the lights in the Administration offices.

A. KINGSLEY FERGUSON.

Sworn and subscribed to before me this 24th day of November, 1941.

[SEAL]

WINFRED H. LANCASTER, *Notary Public*.

Registered as a Notary Public in Henderson, Carroll, and Gibson Counties, Tenn., as provided by Chap. 193, Public Acts of Tennessee 1935.

My Commission expires July 10th, 1945.

AFFIDAVIT No. 67-A

I, Philip W. Harrison, having been sworn previously in this proceeding make the following statement in the further support of my testimony to Mr. H. G. Robinson, knowing him to be an Investigator of the Special Senate Committee Investigating the National Defense Program.

In connection with the affidavit of A. Kingsley Ferguson referring to a Light Plant No. 1725, I testified that it was received in a used condition and remained idle about 90% of the time, whereas Mr. Ferguson in an attempt to discredit my testimony states that the power plant was used as "standby" equipment in the event of a break-down of power and light current and was fully equipped and connected at the Administration Building. I refer to photograph taken by me and introduced at the hearing in Memphis wherein it can be noted that this equipment was not connected to any building and was laying back of the light-equipment barn and other equipment can be noted in the background and it had been laying back of the light-equipment barn for over a month. This equipment is a hybrid combination and it is doubtful whether any mechanic on the job could successfully start and operate it, but nevertheless it is now Government property by virtue of recapture provision. Had Mr. Ferguson examined the photograph he would never have conceivably made the statement that the item was fully equipped and connected to the administration building and for emergency purposes there were other light plants on the project which would have performed more efficiently than this one.

(Signed) PHILIP W. HARRISON.

Sworn to and subscribed to before me, at Minden, Louisiana, January 23, 1942, County of Webster.

[SEAL]

NANCY LEE, *Notary Public*.

Lifetime commission.

AFFIDAVIT No. 68

[In connection with this affidavit see Affidavit No. 68-A below]

STATE OF TENNESSEE,
County of Carroll,

Personally appeared before me, the undersigned authority, A. Kingsley Ferguson who, being first duly sworn, deposed as follows:

My name is A. Kingsley Ferguson. At the present time I am living in Jackson, Tennessee. I am employed by the Ferguson-Oman Company as Liaison Officer between the Contractor and the Constructing Quartermaster's office. I have been actively engaged in the construction industry for approximately seven years.

My attention is called to the testimony of Mr. Phillip Harrison before the Senate Investigating Committee in Memphis, Tennessee, on November 18, 1941, which testimony appears in the transcript on Page 2641, reading as follows:

"Mr. Harrison: This picture is of two tank cars which rented, as I understand, from the Illinois Central Railroad Company of Chicago, valued at five thousand dollars (\$5,000), and they were released on September 5, 1941. These tank cars remained idle the entire time from the date of rental until they were released, with the exception of forty-eight hours. They worked forty-eight hours."

These tank cars were requisitioned on June 9, 1941, upon instructions from Captain G. N. Kibler, Executive Officer for the Constructing Quartermaster. These cars were to be used as storage reservoirs for fire prevention, and were intended to be used in areas where water supply was not yet completely available.

Ferguson-Oman recommended, on August 16, 1941, that these tank cars be released. It was not until September 4, 1941, that we received a directive from the Constructing Quartermaster authorizing their release.

In view of the above, it would appear that Mr. Harrison was not familiar with the purpose of this equipment, otherwise he would not have been surprised that they only worked forty-eight hours during the time that they were on the project. He never, at any time, sought information from me, nor did Mr. McCarthy, about the purpose of the equipment could have and would have been fully explained to him.

A. KINGSLEY FERGUSON.

Sworn to and subscribed before me this 24 day of November, 1941.

[SEAL]

WINFRED H. LANCASTER, *Notary Public*.

Registered as a Notary Public in Henderson, Carroll, and Gibson Counties, Tenn., as provided by Chap. 193, Public Acts of Tennessee 1935.

My Commission Expires July 10th, 1945.

AFFIDAVIT No. 68-A

I, Philip W. Harrison, having been sworn previously in this proceeding make the following statement in the further support of my testimony to Mr. H. G. Robinson, knowing him to be an Investigator of the Special Senate Committee Investigating the National Defense Program.

I have read the affidavit of A. Kingsley Ferguson with reference to tank cars A-985 and A-986 and I have noted that the cars are alleged to have been used as storage reservoirs for fire prevention and were intended to be used in areas where water supply had not yet become available. Although I know of no tests being made to see whether water was actually contained in the cars I do know that the cars remained stationary according to the records of the Equipment Section, near the intersection of roads 54 and 85, they were off on a siding and were not anywhere near the construction area. It is questionable as to how available the water would have been from this location in the event of a fire and how much protection was actually afforded by the cars in this location. In any event regardless of the use to which these cars were put, a report should have been made to the Equipment Section by the contractor indicating that they are being used as storage reservoirs and as such should have working hours credited to them for the length of time they were actually utilized for this purpose. This was not done and the cars are still reflected on the records of the Equipment Section as having been idle.

(Signed) PHILIP W. HARRISON.

Sworn to and subscribed to before me, at Minden, Louisiana, January 23, 1942,
County of Webster.

[SEAL]

NANCY LEE, *Notary Public.*

Lifetime commission.

AFFIDAVIT No. 69

[In connection with this affidavit see Affidavit No. 69-A below]

STATE OF TENNESSEE,
County of Carroll.

Personally appeared before me the undersigned, Wallace H. Faulk, being first duly sworn deposed as follows:

My name is Wallace H. Faulk and I am employed by the Ferguson-Oman Company as General Superintendent Utilities Construction on the Wolf Creek Ordnance Plant and the Milan Ordnance Depot. At the present time I am living in Trenton, Tennessee.

My attention has been called to the testimony of Mr. Harrison before the Senate Investigating Committee in Memphis on November 18, 1941, at which time he exhibited a picture of an Emulsion Sprayer which he testified that at the time of the photograph being taken, this sprayer had worked approximately 60 hours. In view of the fact that we do not know the date of the photograph, this is possible. Mr. Harrison is incorrect in giving unit #19 as this number covers a D-7 tractor. However, it is assumed that he referred to unit #1900 which is an Emulsion Sprayer, a small cheap piece of equipment having a value of \$395 and rental rate of 10% or \$39.50 per month.

This type of small equipment is used on the job as a stand-by piece of equipment and its principal value is to use same occasionally for small patching jobs and for filling in small intersections, when it would be cheaper to use this small equipment than to tie up an expensive asphalt distributor worth approximately \$5,000 when this piece of equipment will accomplish the same purpose at much less expense although not kept in constant use.

This Emulsion Sprayer worked while it was on the job, 226 hours. If during the 226 hours a large asphalt distributor with skilled and high priced crew had been used, the cost would have been many times the rental of the Emulsion Sprayer.

Mr. Harrison did not ask me about this piece of equipment or I would have explained its use.

WALLACE H. FAULK.

Subscribed and sworn to before me this 24 day of November 1941.

[SEAL]

WINFRED H. LANCASTER, *Notary Public.*

Registered as a Notary Public in Henderson, Carroll, and Gibson Counties, Tenn., as provided by Chap. 193, Public Acts of Tennessee 1935.

My Commission Expires July 10th, 1945.

AFFIDAVIT No. 69-A

I, Philip W. Harrison, having been sworn previously in this proceeding make the following statement in the further support of my testimony to Mr. H. G. Robinson, knowing him to be an Investigator of the Special Senate Committee Investigating the National Defense Program.

I have read the affidavit of Wallace H. Faulk with respect to Emulsion Sprayer No. 1900. Due to a typographical error in the record this unit was identified as No. 19 and any attempt to attribute the error to my testimony is ridiculous when the photograph plainly shows the number painted in characters fully 10 inches high. The records of the Equipment Section show that this item worked 277 hours, was idle 3643 hours and was down for repairs 16 hours and if the Government paid \$395 for this piece of equipment upon recapture, it is apparent that

they paid at the rate of \$1.50 per hour every hour of work, and there is no denial in the affidavit by Mr. Faulk that the working hours are correctly set forth.

(Signed) PHILIP W. HARRISON.

Sworn to and subscribed to before me, at Minden, Louisiana, January 23, 1942, County of Webster.

[SEAL]

NANCY LEE, *Notary Public*.

Lifetime commission.

Affidavit No. 70

[In connection with this affidavit see Affidavit No. 70-A below]

STATE OF TENNESSEE,
County of Carroll.

Personally appeared before me the undersigned authority, Wallace H. Faulk, who being duly sworn, deposes:

My name is Wallace H. Faulk and I am employed by the Ferguson-Oman Company as General Superintendent of Utilities Construction on the Wolf Creek Ordnance Plant and the Milan Ordnance Depot.

On November 18, 1941, Mr. Harrison testified before the Senate Investigating Committee in Memphis, Tennessee, exhibiting photographs of tractor crawler wagons. The photographs were made in a barn in the Milan Ordnance Depot Area. He further stated that they stood idle 65% of the time prior to the date of taking the photographs.

Tractor crawler wagon number 1110 and number 1109 were received on the job March 13, 1941. On July 11th and July 12th, by letter through the proper channels, I recommended these crawler wagons for termination on rental agreement, or transfer from this job, as they were no longer needed.

At the time these wagons were in the barn in the Milan Ordnance Depot, they were undergoing repairs upon instructions from the tool and equipment checker, preparatory to release or transfer. After I recommended termination of this equipment, the Zone Constructing Quartermaster purchased this equipment to be used for maintenance purposes on projects within the Zone. The equipment was stored on the job until November 1, 1941, when they were shipped to the Huntsville Arsenal Plant, Huntsville, Alabama, pursuant to instructions of the Zone Constructing Quartermaster.

While these wagons were on the job, from March 13, 1941, to July 11 and July 12, 1941, when they were recommended for termination, they worked as follows:

Crawler wagon number 1109 worked 1350 hours.

Crawler wagon number 1110 worked 1762 hours.

It will be readily seen that these pieces of equipment rendered much service on the project at a time when they were needed for long hauls over low and wet areas.

Therefore, the testimony of Mr. Harrison that this equipment had been idle 65% of the time is not correct, as will be shown from the records covering this equipment.

WALLACE H. FAULK.

Sworn to and subscribed before me this 25 day of November, 1941.

WINFRED H. LANCASTER, *Notary Public*.

Registered as a Notary Public in Henderson, Carroll, and Gibson Counties, Tenn., as provided by Chap. 193, Public Acts of Tennessee 1935.

My Commission Expires July 10th, 1945.

Affidavit No. 70-A

I, Philip W. Harrison, having been sworn previously in this proceeding make the following statement in the further support of my testimony to Mr. H. G. Robinson, knowing him to be an Investigator of the Special Senate Committee Investigating the National Defense Program.

I have read the affidavit of Wallace H. Faulk concerning Crawler Wagons No. 1109 and No. 1110. According to the records of the Equipment Section wagon No. 1110 worked 2,278 hours up to August 31 which was the approximate date of the photograph and which is 56% of the time it was on the reservation. The

equipment was idle full time since July 13, did not go down for repairs until August 13, and the pictures will speak for themselves as to the progress of the repairs late in August. With respect to the purchase of the equipment by the Zone Constructing Quartermaster it is pointed out that the Zone Constructing Quartermaster does not purchase equipment and that these items were recaptured on July 31, 1941 at a cost to the Government of \$1,575.00 and after laying around on the project after recapture for more than three months were transferred to Huntsville, Alabama, on November 6.

(Signed) PHILIP W. HARRISON.

Sworn to and subscribed to before me, at Minden, Louisiana, January 23, 1942, County of Webster.

[SEAL]

NANCY LEE, *Notary Public*.

Lifetime commission.

AFFIDAVIT No. 71

[In connection with this affidavit see Affidavit No. 71-A below]

STATE OF TENNESSEE.

County of Carroll.

Personally appeared before me the undersigned authority, John H. Taylor, who being duly sworn deposes as follows:

My name is John H. Taylor, and I am employed by the Ferguson-Oman Company as Superintendent of transportation and equipment.

On November 18, 1941, before the Senate Investigating Committee, in Memphis, Tennessee, Mr. Harrison testified that angle dozer number 129 had been idle much of the time on the Wolf Creek Ordnance Plant and the Milan Ordnance Depot projects.

This piece of equipment is a blade, which is an attachment to a power unit and tractor. This blade (angle dozer number 129) was rented with power unit. The power unit was removed and was given, more or less, constant use on the project.

It is true that the angle dozer number 129 was used very little on the projects.

JOHN H. TAYLOR.

Sworn to and subscribed before me this 25th day of November, 1941.

[SEAL]

WINFRED H. LANCASTER,
Notary Public.

Registered as a Notary Public in Henderson, Carroll, and Gibson Counties, Tenn., as provided by Chap. 193, Public Acts of Tennessee, 1935.

My commission expires July 10th, 1945.

AFFIDAVIT No. 71-A

I, Philip W. Harrison, having been sworn previously in this proceeding, make the following statement in the further support of my testimony to Mr. H. G. Robinson, knowing him to be an Investigator of the Special Senate Committee Investigating the National Defense Program.

I have read the affidavit of John H. Taylor submitted in connection with angle dozer No. 129. This angle dozer was rented at a valuation of \$2,010 and a monthly rental of \$200 per month from Roy C. Wayne Supply Company and shows a work record while it was on the job of 8 hours in August and 12 hours in September, despite the fact that it had been on the project since March 15, 1941 and was eventually recaptured with a cost to the Government on October 1 of \$2,150.70. It is noted that Mr. Taylor's affidavit concedes that "angle dozer No. 129 was used very little?"

(Signed) PHILIP W. HARRISON.

Sworn to and subscribed to before me, at Minden, Louisiana, January 23, 1942, County of Webster.

[SEAL]

NANCY LEE, *Notary Public*.

Lifetime commission.

AFFIDAVIT No. 72

[In connection with this affidavit see Affidavit No. 72-A below]

STATE OF TENNESSEE,
County of Carroll, ss:

Personally appeared before me, the undersigned authority, John McInerney, who being duly sworn deposes as follows:

My name is John McInerney. I am employed by Ferguson-Oman Company as Superintendent of Construction on the Wolf Creek Ordnance Plant and Milan Ordnance Depot.

On November 18, 1941, a Mr. Harrison testified before the Senate Investigation Committee at Memphis, Tennessee, with reference to a Lorraine Dragline No. 533, stating that this piece of equipment was idle about eighty percent of the time.

This equipment was leased from a Mr. R. E. DuBose of Montgomery, Alabama. When it arrived on the job, Mr. DuBose was required to have same repaired at his own expense, which was done.

The equipment arrived on the job on or about July 14, 1941, and was inspected. Mr. DuBose was required to have repairs made, and this equipment, after repairs were made, was inspected and accepted by the Government inspector, on July 31, 1941.

It is true that this equipment did not receive as heavy usage as some other equipment on this job; but, it is not true that it was idle eighty percent of the time. This equipment from August 1, 1941, to October 31, 1941, actually worked on fifty-one days and was idle only thirty-nine days.

JOHN MCINERNEY.

Subscribed and sworn to before me this 25th day of November, 1941.

[SEAL]

WINFRED H. LANCASTER,
Notary Public.

Registered as a Notary Public in Henderson, Carroll, and Gibson Counties, Tenn., as provided by Chap. 193, Public Acts of Tennessee, 1935.

My Commission Expires July 10th, 1945.

AFFIDAVIT No. 72-A

I, Philip W. Harrison, having been sworn previously in this proceeding make the following statement in the further support of my testimony to Mr. H. G. Robinson, knowing him to be an Investigator of the Special Senate Committee Investigating the National Defense Program.

I have read the affidavit of John McInerney and note that he corroborates my testimony with respect to the Loraine Dragline No. 533 not receiving as heavy usage on the job as other equipment. Mr. McInerney states, however, that it was not true that this equipment was idle 80% of the time. From records of the Equipment Section it was noted that from July 1, 1941 to October 1, 1941 this equipment worked 531 hours, was idle 2,007 hours and was down for repairs 222 hours which would indicate that it was not working 81% of the time.

(Signed) PHILIP W. HARRISON.

Sworn to and subscribed to before me, at Minden, Louisiana, January 23, 1942, County of Webster.

[SEAL]

NANCY LEE, Notary Public.

Lifetime commission.

AFFIDAVIT No. 73

[In connection with this affidavit see Affidavit No. 73-A on p. 3555]

STATE OF TENNESSEE,
County of Carroll.

Personally appeared before me, the undersigned Notary Public in and for said State and County, William Neill, who being duly sworn, deposed as follows:

My name is William Neill. I am twenty-three years old. I live at Bradford, Tennessee, but I am now living at the Procter & Gamble dormitory at the Wolf Creek Ordnance Plant. I am employed by Ferguson-Oman Company as Office Assistant to Mr. John Taylor who is Supervisor of Transportation and Equipment.

I understand that the Senate Investigating Committee's Hearing in Memphis, Tennessee several weeks ago, Mr. Philip W. Harrison testified that when he was discharged by Mr. John Taylor as Assistant Supervisor of Trucks and Personnel Transportation, that he was escorted off the plant area by one of Procter & Gamble's guards. At that time it was a rule of the Quartermaster Corps in charge of the Wolf Creek Ordnance Plant that any employee, no matter whether a laborer or a man holding an official position, who was discharged had to report to a guard, and it was the guard's duty to escort him off the plant after he had received his final pay.

I well remember the afternoon that Mr. Philip W. Harrison was discharged by the Ferguson-Oman Company. A guard did come to the office in which I worked to get him and take him to the gate. After the guard arrived, Mr. Harrison went to Mr. Faulk's office and to Mr. Kingsley Ferguson's office after having told the guard to wait for him as he had some people to see. The guard waited for him for better than an hour and possibly two hours.

During the time the guard was waiting for Mr. Harrison, he had four other employees of the project who had been discharged, in the station wagon with him. He told me that he was tired of waiting and that he had to go on and take these four people to the gate. About that time Mr. Harrison came back to my office and got in a Chrysler automobile driven by Helen Clark, who had been his personal secretary at the plant, and he left the plant in this Chrysler, and there was no guard in the Chrysler with him and Helen Clark.

WILLIAM NEILL.

Subscribed and sworn to before me this 25 day of November, 1941.

[SEAL]

WINFRED H. LANCASTER, *Notary Public*.

Registered as a Notary Public in Henderson, Carroll, and Gibson Counties, Tenn., as provided by Chap. 193, Public Acts of Tennessee 1935.

My Commission Expires July 10th, 1945.

AFFIDAVIT No. 73-A

I, Philip W. Harrison, having been sworn previously in this proceeding, make the following statement in the further support of my testimony to Mr. H. G. Robinson, knowing him to be an Investigator of the Special Senate Committee Investigating the National Defense Program.

I have read the affidavits of T. W. Marshall and William Neill concerning whether or not I had been escorted from the reservation under police guard. Wherein this becomes pertinent to the excessive cost of operating the Transportation Department of the contractor or the reasons for my discharge, I am at a loss to understand, but feel that the circumstances should be correctly set forth. At the time Mr. Taylor gloatingly handed me my termination notice, I had an audience including Mr. William Neill, and I advised Mr. Taylor that because of the absence of any definite reasons, I wanted to see Mr. Ferguson and Mr. Faulk. Mr. Taylor hesitated at this request, but after I had phoned these individuals he granted permission. Having had a discussion with Mr. Ferguson a short time prior, at which time it was decided to transfer me to another job with the contractor, I asked him why I had been discharged. He seemed visibly upset over the news and said, "I don't know whether I will be around here much longer and the Project Manager might even get it." I then contacted Mr. Faulk and asked him why I had been discharged, and he asked me whether I had seen a certain letter. I told him I had not, but he did not offer to identify the letter that he made reference to. Through Mr. Faulk I arranged to have my discharge slip re-worded so that it would appear that I had "resigned." In view of the time it took to contact these individuals, I phoned Mr. Taylor and suggested that the guards who were waiting for me be released and I would call when I was ready to leave the project. I had used a pick-up truck which was assigned to me on the project, and upon turning this in at the time my services were terminated, it left me with no transportation to reach Jackson, Tennessee, over 25 miles away. I asked Miss Clark, my former secretary, if it was all right to ride in her car when she went to Jackson, and she granted permission, whereupon I cleared with the guard and he granted permission for me to ride in Miss Clark's car. Thereafter Miss Clark proceeded to the Milan gate, followed by two guards in a Chevrolet sedan.

The affidavits to the effect that I was not escorted from the reservation by a guard are incorrect.

(Signed) PHILIP W. HARRISON.

Sworn to and subscribed to before me, at Minden, Louisiana, January 23, 1942, County of Webster.

[SEAL]

NANCY LEE, *Notary Public*.

Lifetime commission.

AFFIDAVIT No. 74

[In connection with this affidavit see Affidavit No. 73-A on p. 3555]

STATE OF TENNESSEE,
County of Carroll.

Personally appeared before me, the undersigned Notary Public in and for said State and County, Thomas Woodson Marshall:

I am 30 years old, my home is at Lexington, Tennessee, but I have been employed as Paymaster by Ferguson-Oman Company on the Wolf Creek Ordnance Plant and the Milan Ordnance Depot jobs since January 22, 1941.

I knew Mr. Philip W. Harrison who was employed in Mr. John Taylor's Department by Ferguson-Oman Company and who was later discharged by Ferguson-Oman Company.

I well remember the afternoon that he was discharged. I carried his final papers and pay check to Mr. John Taylor's office as it was after office hours and so as to make it convenient both to Mr. Taylor and Mr. Harrison.

I was present when Mr. Harrison started to leave the plant. I saw him get into a Chrysler four door sedan which was driven by Miss Helen Clark who had been employed up to that time as Mr. Harrison's stenographer. There was no one else in the car with them and they left headed for one of the gates. There was no guard in the car with them or around them when they left. At that time there was a regulation by Procter & Gamble that any employee, whether a laborer or administrative officer, had to be escorted to the gate when he was discharged. This did not occur in Mr. Harrison's case.

T. W. MARSHALL.

Subscribed and sworn to before me, this 25th day of November 1941.

[SEAL]

WINFRED H. LANCASTER, *Notary Public*.

Registered as a Notary Public in Henderson, Carroll, and Gibson Counties, Tenn., as provided by Chap. 193, Public Acts of Tennessee 1935.

My Commission Expires July 10th, 1945.

AFFIDAVIT No. 75

[In connection with this affidavit see Affidavit No. 75-A on p. 3557]

MILAN, TENNESSEE, *November 28, 1941.*

STATE OF TENNESSEE,
County of Carroll.

Personally appeared before me, the undersigned authority, D. P. Evans, who being duly sworn deposed as follows:

My name is D. P. Evans, and I live in Milan, Tennessee. I am Traffic Agent for Ill. Central Railroad at Milan, Tennessee for Wolf Creek Ordnance Plant, and the Milan Ordnance Depot. I have held this position since February 1, 1941.

My attention has been called to the fact that Mr. Phillip Harrison has testified before Senate Committee with reference to Wolf Creek Ordnance Plant and the Milan Ordnance Depot.

I knew Mr. Harrison when he was employed at this project.

Before he became employed by Constructing Quartermaster's Office he approached me with reference to Ill. Central Railroad putting on a Shuttle Train between Jackson and Milan, Tennessee. We did not believe that it was necessary for such a train nor that same would pay, and therefore the proposition and recommendations were not considered.

After he became employed by the Constructing Quartermaster he continued to try the negotiations of this shuttle train, using his influence wherever possible,

and trying to convince the C. Q. M., Representative of I. C. Railroad, The Commanding Officer, representatives of Procter & Gamble Defense Corp., and representatives of Ferguson-Oman Company, that such a train was necessary to the progress of the Defense Project.

This man Harrison, insisted that the train would pay and that we should put it on at a meeting of Major Horridge, Commanding Officer of Wolf Creek Ordnance Plant, and myself. Harrison insisted that this train would haul 1200 to 1500 people and was absolutely necessary.

Major Horridge refused to recommend such a train until a survey was made to determine the necessity of the train and if it would pay as Harrison insisted. Harrison was instructed to make such a survey. He reported back and was just as enthusiastic as ever about placing the train, stating that 642 employees had promised to ride same.

After negotiations were begun I told Harrison it would not pay and he said he would like to ride train and punch tickets. He was informed this would be impossible as railroad had contract with train men and our regular conductors would perform such services. He had been talking about the food and refreshment concession on the train and told me that they would want coffee and doughnuts on morning trip and beer sold at night. He stated that he personally wanted this concession. I told him he could not have concession. He replied that he did not see why because someone could make some good money at it and it might as well be him. This man took the attitude that he was doing the railroad a great favor by trying to put this negotiation through and they in turn should give him doughnut and coffee concession.

I told him positively that we had contract with Dining Car Company and it would be impossible for him to have such a concession.

Thereafter he lost all interest in the train venture and I never was able to contact him and talk to him further about the train, and as far as I know he never rode the train.

Before I informed him that he could not have concession he had assured me that he had made arrangements with Bus Company in Jackson to take these employees to and from depot at 5¢, which was a saving of transfer charge of an addition 5¢. After I told him he could not have the concession there was never any more conversation about the bus company and this arrangement was never made. It was after I had told him about the concession that I tried to contact him further but was never able to after this.

During the time of the negotiations and the time he approached me with reference to the shuttle train he was employed by Constructing Quartermaster.

The shuttle train was put in operation and instead of average of 642 passengers it was never below 18 to maximum of 60 people and was of course a losing money proposition.

D. P. EVANS.

Sworn to and subscribed before me this 28th day of November, 1941.

[SEAL]

WINFRED H. LANCASTER, *Notary Public*.

Registered as a Notary Public in Henderson, Carroll, and Gibson Counties, Tenn., as provided by Chap. 193, Public Acts of Tennessee 1935.

My Commission Expires July 10th, 1945.

AFFIDAVIT No. 75-A

I, Philip W. Harrison, having been sworn previously in this proceeding, make the following statement in the further support of my testimony to Mr. H. G. Robinson, knowing him to be an Investigator of the Special Senate Committee Investigating the National Defense Program.

I have read the affidavit of D. P. Evans, and his memory in recalling conversations he is alleged to have had with me seems all the more remarkable when I cannot recall Mr. Evans' identity, or ever having spoken to the man. Any discussions I had concerning the operation of the shuttle train were had in the office of Captain Horridge, commanding officer, or in the presence of Mr. A. K. Ferguson, Mr. Oscar E. Miller, Mr. John Taylor, and myself. The opinion originally was that the number of personnel on the project did not justify the operation of a shuttle train. Thereafter I had a telephone conversation several times with an official of the Illinois Central Railroad not located in Milan, Tennessee, who inquired whether the personnel had reached the stage to justify the

operation of the train, and I answered in the negative and dismissed the matter. Later I was asked to drop over to Captain Horridge's office where a meeting was held at 2 P. M. to discuss the operation of a shuttle train, which meeting was attended by Captain Horridge, Lt. Kennedy, and two or three officials of the Illinois Central, Mr. Alvin Vitts of Proctor and Gamble, a Mr. Woodward, and Mr. Omar. I was advised that I had been called in because of my experience in operating shuttles at Camp Blanding, Florida, and I took no initiative in the meeting, nor did I use any persuasion. The meeting was lengthy, but no decision was arrived at. A date was set for a subsequent meeting. I was asked how many people I thought would ride the train and I still think if the train had been efficiently operated 600 people would ride. I recall having said at the meeting that it might be a good idea to serve coffee on the train in the morning, and newspapers and beer on the return trip in the afternoon. I might have humorously said that it would be a good paying proposition for somebody, and I am still of that opinion, if the train had been properly operated. I was instructed to make a survey and prepare a report, at which time I suggested a single-ticket system instead of books, but the railroad officials could not work out this idea. I advised them that on the other projects we had had guards ride the train and punch the tickets and it might be possible to do the same here. I never offered to ride the train for this purpose as claimed by Mr. Evans, but my suggestion was for purposes of arriving at a constructive solution of the ticket collection problem. It was my understanding that the train was originally to be operated for the benefit of the Proctor and Gamble Corporation and not for the prime benefit of the contractors, and any patronage to be obtained from the contractors' organization was merely to get the train underway to such time as Proctor and Gamble had started full-scale operations such as would warrant its continuance. The Illinois Central Railroad wanted a form of guarantee which Captain Horridge refused to permit, and the officials of the railroad left and it was my belief that no further action would be taken in the matter. However, a few days afterwards they accepted the proposition. Mr. Evans contends that my failure to obtain the concession resulted in failure to work out a transfer system for employees at a saving of 5¢ in transfer charges, and Mr. Evans well knows the 5¢ bus rate was put into effect and has been operating at Jackson, Tennessee. All of the circumstances surrounding the establishment of the shuttle system are reflected in official communications in the files of Captain Horridge and will corroborate the details outlined herein.

(Signed) PHILIP W. HARRISON.

Sworn to and subscribed to before me, at Minden, Louisiana, January 23, 1942, County of Webster.

[SEAL]

NANCY LEE, *Notary Public*.

Lifetime commission.

AFFIDAVIT No. 76

[In connection with this affidavit see Affidavit No. 76-A on p. 3559]

STATE OF TENNESSEE

County of Carroll.

Personally appeared before me, the undersigned Notary Public in and for said State and County, C. J. Sullivan, Jr., who being duly sworn deposes as follows:

My name is C. J. Sullivan, Jr., I am 22 years old, my home is New Rochelle, New York. I am employed by The H. K. Ferguson Company's architects on the Wolf Creek Ordnance Plant and the Milan Ordnance Depot, as Senior Field Engineer of the Liaison Office, and have been so employed since February 17, 1941.

I knew Phillip W. Harrison, as he was employed by the Ferguson-Oman Company, in John Taylor's Department, who was superintendent of Transportation for Ferguson-Oman Company. When Harrison arrived on the job he came from Jacksonville, Florida, and came to the plant in a 1939 Plymouth Station Wagon which had his name printed on it, and which bore Florida 1941 license number 11GK198.

Harrison insisted on putting in a convoy system, which was later changed over Harrison's opposition and which change has worked much better and has saved Ferguson-Oman Company a lot of time and money since Ferguson-Oman made this change.

Another of Mr. Harrison's duties at first was to arrange for bus transportation from the various outlying towns to the plant. He insisted in making arrangements with these various bus lines that all of them deliver their passengers to Milan, Tennessee, where they were picked up by one bus company only, named the Jackson Transportation Company and then brought into the plant; whereas it would have been much better and quicker to have had each of the bus lines from the various towns deliver their passengers at Whitthorne, which is in the Administration Area of the plant. Harrison just would not agree to this.

Harrison had trouble in making arrangements for bus transportation for Ferguson-Oman Company's employees, who lived at Lexington, Tennessee to Milan, Tennessee and he persuaded the L. V. McMurray Bus Line of Lexington, Tennessee, which was out of business but had formerly operated a bus line and which had no equipment and did not have a State of Tennessee Certificate of Convenience from the Railroad and Public Utilities Commission of the State of Tennessee for operating a bus line to obtain equipment and to start operating again.

When the McMurray Busses first started operating, March 10, 1941, Harrison tried to sell his station wagon to it. Mr. McMurray has told me that he wouldn't buy it. Harrison then took his station wagon to McCauley Jennings Motor Company, of Jackson, Tennessee, Studebaker dealers and tried to trade it in on a 1941 Studebaker. They refused to make a trade with him. He then kept working on McMurray and finally on or about March 20, 1941 a trade was made, whereby the McCauley Jennings Motor Company did take Harrison's station wagon in trade on a new Studebaker, and this station wagon was immediately sold by McCauley Jennings Motor Company to L. V. McMurray Bus Line and it was operated by them between Lexington and Milan with Mr. Harrison's name still on it for about a week when Harrison himself took his name off of it.

I have checked through Mr. Henry J. Driggins the Florida Commissioner of Motor Vehicles on the license number which Harrison had on this station wagon from the time he came to the plant to the time he sold or traded the station wagon to the McCauley Jennings Motor Company.

This was a Florida license tag 11GK198. Mr. Driggins advised me that this license number was issued to H. M. Henson, 432 W. University Street, Gainesville, Florida to be used on a 1936 Chevrolet Stake Body, motor T-6396812. This same license number stayed on the station wagon to on or about March 20 the date that Harrison traded it on the Studebaker.

I checked with Mr. Driggins, Commissioner of the Florida Department of Motor Vehicles and he advised me that no license plates had been issued on Harrison's station wagon since the year 1940; during which year the license was issued to Mr. Walter R. Lee, 357 W. Newport Street, Gainesville, Florida. This necessarily means that during the time that Harrison had this station wagon in his possession after 1940, he knew that he had not properly registered or licensed the station wagon and that it had Florida license tags on it which did not belong on it.

C. J. SULLIVAN, JR.

Sworn to and subscribed before me this 26 day of November, 1941.

[SEAL]

WINFRED H. LANCASTER,
Notary Public.

Registered as a Notary Public in Henderson, Carroll, and Gibson Counties, Tenn., as provided by Chap. 193, Public Acts of Tennessee 1935.

My Commission Expires July 10th, 1945.

AFFIDAVIT No. 76-A

I, Philip W. Harrison, having been sworn previously in this proceeding, make the following statement in the further support of my testimony to Mr. H. G. Robinson, knowing him to be an Investigator of the Special Senate Committee Investigating the National Defense Program.

I have read the attack on my personal character executed in affidavit form by Mr. C. J. Sullivan, Jr. and although the subject matter has no connection with the excessive cost of operating a convoy system and the light and heavy equipment sections of the contractor, concerning which I testified, I feel that Mr. Sullivan's allegations should be categorically answered.

As to my insisting on putting into operation a convoy system which was later changed over my opposition, I refer to a letter over the signature of Oscar E.

Miller submitted in connection with a previous affidavit wherein the following is quoted: "Upon completion of the work at Camp Blanding, I (Mr. Miller) *brought* Mr. Harrison to the Wolf Creek Ordnance Plant at Milan, Tennessee to handle truck and personnel transportation. He was instrumental in establishing a very fine bus system for employees to and from the plant and the surrounding communities." As outlined by Mr. Miller, he telephoned me at Camp Blanding and asked me to come to the Wolf Creek project, at a higher salary, in order to install a transportation system. I accepted his offer and subsequently set up a system which was approved by A. Kingsley Ferguson, of using trucks for purposes of conveying the men to the work areas because the road conditions had not been established to a point adequate for the operation of a regular bus system. After placing the system in operation, the convoy unit was consolidated into the heavy truck division and all trucks of 1½ tons and over were turned over to my supervision. When the roads had reached the stage which permitted bus operation, I discussed the matter with A. K. Ferguson and Oscar E. Miller and it was decided to set up a bus system to take in all towns within a 35-mile radius. Thereafter I first contacted the Dixie Greyhound Bus Lines, which held a franchise to operate on Highway 45-E, but they did not want to set up a separate shuttle line. I then contacted the Tri State Transit Company with no result, and finally the Jackson Transportation Company, a local bus line in Jackson, Tennessee, agreed to put in the bus line from Jackson if they could get a franchise, and subsequently a restricted franchise was obtained. I also contacted Garland Richardson of Humboldt, Tennessee, who agreed to set up a line from Humboldt to the plant and a franchise was obtained. Then Mr. L. V. McMurray, concerning whom much is set forth in the affidavits of C. J. Sullivan, Jr. and who is presently employed by the Ferguson-Oman Company as a straw boss, was contacted to set up a line from Lexington, Tennessee to the project. Mr. McMurray indicated that he did not want to purchase any new equipment until it was determined whether the line would be a paying proposition, and he pointed out that he had a 29 passenger bus which was too large for economical operation and indicated a desire to put a station wagon or smaller vehicle on the run to keep down costs.

At about that time my wife negotiated for the purchase of a Studebaker car and brought the papers home for me to examine. This was the first knowledge I had of any negotiations looking toward the purchase of a new car, and in which negotiations I had taken no part. My wife had contacted Mr. McCauley of the McCauley Studebaker Sales Company, and the price of the new car, including financing, was to be \$1,420, with a \$650 allowance for the station wagon. Knowing that McMurray had been interested in obtaining a station wagon, I called him and advised him that I had traded my station wagon to McCauley in the event he was interested in buying it to put in operation on the bus line in accordance with the desire he had indicated to me. Thereafter McMurray contacted McCauley, but did not have the \$650 to pay for the station wagon. He gave McCauley a note for \$25 and \$625 in cash. McCauley then reduced the amount of allowance to me from \$650 to \$625 and made me take McMurray's note for \$25. The last thing I did before leaving the Wolf Creek project was to accept a settlement from McMurray on his note of \$10, which was about November 15. The note was dated March 24 and was due December 1. I had originally bought my station wagon for \$850 in Florida, and it is the custom for the license plates to transfer with the car. I bought the car with the plates, not knowing who the original owner of the plates was. Inasmuch as they were 1940 plates, the expiration time had been extended to March 1. I needed plates in order to proceed to the Wolf Creek project in Tennessee. I borrowed a pair of plates from Lou Roy, an equipment man who had numerous sets of plates on the Camp Blanding project, and drove the car to Tennessee with these plates, later offering to return them to Lou Roy, who refused them. Upon arrival in Tennessee I immediately communicated with the American Discount Company at Jacksonville, Florida in order to obtain title so that I could register the car in Tennessee under a new registration. This is evidenced by the attached letter dated February 20, 1941. Despite the extent to which Mr. Sullivan has enlarged upon the fact that plates were on the car which had not been issued to me, this is not any different than the manner in which hundreds of other used-car sales are handled in Florida.

Reverting to the installation of the bus system, it was upon orders of Captain Horridge, commanding officer, and agreed to by all concerned, that only one bus company should be permitted to operate within the project area, and the use of the Wittorn Gate was disapproved by Mr. A. K. Ferguson and Captain Horridge because they felt that there was already too much traffic in the area. Inasmuch as the Jackson Transportation Company had evidenced the most cooperative

attitude, the privilege of operating in the area was given to that company. None of the bus companies had a certificate of convenience from the State of Tennessee, and I went to Nashville in company with John Taylor and with the approval of the Constructing Quartermaster and appeared at hearings and was successful in obtaining certificates of convenience for McMurray, Jackson Transportation Company, Richardson, and M. and M. Bus Lines. However, the certificate issued to the Jackson Transportation Company was restricted and when this company wanted to withdraw its operations the officials considered it as serious as a strike. I appeared at further hearings on the matter and was able to obtain a lift of these restrictions.

The favoring of the Jackson Bus Line and the inadvisability of utilizing the Wittorn Gate was not due to any arbitrary attitude on my part, as alleged by Mr. Sullivan, but can be established by letters over the signature of Captain Horridge contained in the files of John Taylor, which letters must have been available to Mr. Sullivan.

(Signed) PHILIP W. HARRISON.

Sworn to and subscribed to before me, at Minden, Louisiana, January 23, 1942, County of Webster.

[SEAL]

NANCY LEE, *Notary Public.*

Lifetime commission.

[Exhibit 1 attached to Affidavit No. 76-A]

FEBRUARY 20, 1941.

AMERICAN DISCOUNT CO.

Atlantic National Bank Annex, Jacksonville, Florida.

Attention: Mr. Callaway.

DEAR MR. CALLAWAY: As yet I have never received a copy of my purchase contract for my 1939 Plymouth Station Wagon nor have I received transfer of title.

At the present time I am connected with Ferguson-Oman Co., Milan, Tennessee, but I am making my residence in Jackson, Tennessee. I will advise you when to transfer my papers to your branch office here. I am unable to secure a license plate until I am able to show title to same so please forward necessary papers by return mail.

Sincerely yours,

PHILIP W. HARRISON,
Personnel Transportation Dept.

The following affidavit is included in the record in connection with the testimony of Oscar E. Martin, supra pp. 3034-3035.

AFFIDAVIT No. 77

[In connection with this affidavit see Memorandum No. 77-A on p. 3563]

Oscar E. Martin, a resident of Nashville, Tennessee, and representative of the Portland Cement Association, deposes as follows:

I was a witness before the Truman Investigating Committee of the United States Senate in session in the City of Memphis on the 17th and 18th of this month.

Due to the brief time on the stand I did not fully develop the situation. I wish to state that the approximate prices quoted for concrete pavement per mile did not include the grading and drainage of the road bed but only the preparation of the subgrade and the furnishing of materials, placing and finishing of the pavement.

The following prices show the cost of pavement on various jobs now under contract or built within the past two years by the Tennessee Highway Department:

	<i>Per mile</i>
Bids taken on October 4, 1940, FA. P 255 G (2) Pt. 1 & 11 Robertson County, 868.868 Pav. Cost \$1.50 per sq. yd.-----	\$17, 599. 50
Bids taken Nov. 8, 1940, F. A. P. 450-H (1) Blount County, Concrete Pav. \$2.15 per sq. yd.-----	\$25, 225. 95
Bids taken on December 20, 1940, F. A. P. 486 B91) Coffee-Grundy Counties, 868.868 Pav. \$1.88 per sq. yd.-----	\$22, 058. 04
Bids taken on March 29, 1940, FAP. 487 A (2) 7" Uniform Pave. \$1.70 per sq. yd.-----	\$19, 946. 10
Bids taken May 24, 1940, FAP 493-A (3), Jefferson Hamblen Counties, 868.868 Pav. \$1.62 per sq. yd.-----	\$19, 007. 46
Bids taken December 20, 1940, FAP 498 A (2) Blount County, 868.868 Pav. \$2.16 per sq. yd.-----	\$25, 343. 28
Bids taken April 18, 1941, AWF-4A (2) 4B (1) Franklin-Coffee, 868.868 Pav. \$1.64 per sq. yd.-----	\$19, 242. 12
Bids taken May 23, 1941, FAS 4c (1) Franklin, 868.868 Pav. \$1.64 per sq. yd.-----	\$19, 242. 12
Bids taken April 18, 1941, Sn-WPMH 41-AB (4&5) Knox County, 868.868 Pav. \$2.50 per sq. yd.-----	\$29, 332. 50
Bids taken January 27, 1941, A1-FAS 63 A (1) Blount County, 868.868 Pav. \$2.19 per sq. yd.-----	\$25, 695. 27
Bids taken February 21, 1941, SN-FAP 56 A (2) Davidson County, 868. 868 Pav. \$1.95 per sq. yd.-----	\$22, 879. 35
Bids taken November 14, 1941 AW FAP 274 A (1) Coffee, 868.868 Pav. \$1.75 per sq. yd.-----	20, 532. 75
Bids taken February 21, 1941, AW-FAP 275 A (1) Coffee County, 868.868 Pav. \$2.27 per sq. yd.-----	\$26, 633. 91
Bids taken May 23, 1941, AW-FAP 275 B (1) Coffee, 868.868 Pav. \$2.23 per sq. yd.-----	\$26, 164. 59
Bids taken November 14, 1941, FAP-283 D (2) & E (1) Hamilton County, 868.868 Pav. \$2.65 per sq. yd.-----	\$31, 092. 45
Bids taken August 29, 1941, FAP 294-C (2) Lincoln County, 868.868 Pav. \$2.12 per sq. yd.-----	\$24, 873. 96

The above prices on Concrete Pavement are based on a 20 foot width of pavement.

OSCAR E. MARTIN.

STATE OF TENNESSEE,
County of Davidson

Sworn to and subscribed before me this the 21st day of November 1941.

[SEAL]

BERTHA HILLMAN, Notary Public.

My commission expires July 21, 1943.

MEMORANDUM No. 77-A

MEMORANDUM

In connection with the foregoing affidavit of Oscar E. Martin, it is pointed out that a total of 195.5 miles of road were constructed on the Wolf Creek and Milan Ordnance projects at an estimated cost of \$5,156,532. resulting in an average cost per mile for "black top" roads of \$26,377. Mr. H. K. Ferguson has pointed out in his affidavits submitted as a part of this record that savings of \$750,000. were made possible by opening sand pits on the projects thereby supplying sand for road construction at a cost of approximately 25¢ per cubic yard instead of \$1.25 per cubic yard. Accordingly, \$750,000. should be added to the foregoing estimate in order to reduce the estimated cost of the "black top" roads to a basis comparable to the figures contained in the affidavit of Oscar E. Martin. This adjusted computation would result in an average cost per mile of \$30,212. which is far in excess of any figure contained in the affidavit of Oscar E. Martin reflecting the cost of permanent concrete highways constructed in the state of Tennessee during 1940 and 1941.

It was also noted that Mr. Martin's affidavit was executed before Bertha Hillman, Notary Public, and attention is directed to the testimony of Mr. Stirton Oman (604-611) wherein it is indicated that Bertha Hillman is the secretary of John Oman, Jr. and the sister of Mrs. Fred Pilkerton of the firm of Pilkerton and Pilkerton from whom extensive amounts of automotive equipment was purchased.

The following affidavits are included in the record in connection with the testimony of Anthony W. Bouck, supra pp. 3036-3052.

AFFIDAVIT No. 78

In connection with this affidavit see Affidavit No. 78-A below]

STATE OF TENNESSEE,
County of Carroll, ss:

Affiant, John Ralls, being duly sworn by the undersigned authority deposes as follows:

My attention has been called to the testimony of Mr. A. W. Bouck who was formerly Chief Tool and Equipment Inspector of Constructing Quartermaster's Office on the Wolf Creek Ordnance Plant. This testimony of Mr. Bouck was given before the Senate Committee on November 18, 1941 in Memphis, Tennessee. The following is a portion of what was read while Mr. Bouck was testifying:

"Receiving of inspection reports have from the outset of the project been too meager as to barely be sufficient of identification of vehicles or pieces of equipment, and certainly insufficient in memoranda reflecting inspection. This was especially costly at the outset of the project when shoddy equipment was received and accepted without proper inspection, the Government being at that time without inspectors, and bought by information furnished by the contractors."

Mr. Bouck was not present at the Wolf Creek Ordnance Plant when work was begun and, as I understand, reported for duty March 1, 1941. Consequently his knowledge of the manner in which equipment was received previous to his arrival was not first hand information.

Regarding his statement as to information he should have, previous to inspecting rental equipment, being too meager, I know of no instance where Mr. Bouck was ever refused any information from this office that he desired.

Previous to Mr. Bouck's arrival, all rental equipment inspections were approved by Captain Carlton of the Constructing Quartermasters office. He and Mr. Campbell, also of the Constructing Quartermaster's Office, personally inspected and accepted or rejected all rental equipment; rejections being made in cases where equipment was not, in their estimation, worth the value placed on same by Lessor. When any equipment was rejected by these men, the Lessor was notified and in all instances paid freight both to and from project, as this was understood with Lessors at time of acquiring that it must pass the inspections of the Constructing Quartermaster's representative.

After the arrival of Mr. Bouck, which was approximately March 1, 1941, this same procedure continued and no equipment was placed on contract without the approval of Mr. Bouck or his duly authorized representative.

There is no equipment on rental agreement contract that does not have the approval of a duly authorized representative of the Constructing Quartermaster's Office. There is no equipment on rental agreement contract that does not have the approval of the Constructing Quartermaster's Office, Atlanta Zone.

It is impossible for any equipment to be placed on rental agreement contract without the approval of a duly authorized representative of the Constructing Quartermaster's Office. We must have and do have the approval of these officials, both in regard to mechanical condition of equipment and in regard to the monetary value of same.

JOHN RALLS.

Sworn to and subscribed before me, this 24 day of November, 1941.

[SEAL]

WINFRED H. LANCASTER, *Notary Public*.

Registered as a Notary Public in Henderson, Carroll, and Gibson Counties, Tenn., as provided by Chap. 193, Public Acts of Tennessee 1935.

My Commission Expires July 10th, 1945.

AFFIDAVIT No. 78-A

I, Anthony W. Bouck, having been sworn previously in this proceeding make the following statement in further support of my testimony to H. G. Robinson knowing him to be an investigator of the Special Senate Committee Investigating the National Defense Program.

In Mr. Rall's affidavit he states that refusal of information was made in no instance at the request of my office. This is correct. Mr. Rall however in the early period of construction was uniformly without pertinent information on valuations and rentals on constructing equipment. His usual courteous reply upon being asked to supply information was that he was sorry and would get it at the earliest possible moment.

Personal physical inspection of constructing equipment was not under ordinary circumstances made by myself. Inspectors with qualifications and ratings as such were employed to make routine inspections under my supervision.

Individual inspection reports are required on each item of constructing equipment such inspection reports identifying in part type of the item, serial number, date of manufacture, engine number, mechanical condition and specific notation of unusual characteristics such as worn parts, leaking radiators, or related information calculated to establish particular weaknesses of the unit.

Such inspection reports as had been executed before the establishment of my office became first hand information even though such items had been received weeks earlier. Many such receiving reports were supplemented by information gained from a second inspection and many discrepancies were corrected which often resulted in establishing that information furnished was a misrepresentation of actual facts. In many instances the owner of the equipment was requested to repair the unit at his own expense or lower the valuation that he had placed upon the machine for recapture purposes.

Instructions are clear on the manner of the procurement of rental equipment. Negotiations which include requests for bids on specified equipment are normally mandatory. It was a continual source of anxiety and irritation to this office when upon completing physical inspection of units of equipment to find that valuation and rental figures on such units were not available until days or weeks later. This office has determined in many instances that equipment was shipped to the project area without formality of bids and that such bids or complimentary bids were executed after delivery and upon occasion such bid procedure was dispensed with entirely.

Few if any attempts to effect reduction in valuation and rentals on constructing equipment were ever made by the contractor of his own volition even after the age and specific condition of units had been proved a misrepresentation.

(Signed) ANTHONY W. BOUCK.

Sworn to and subscribed to before me at Jackson, Tenn., Dec. 11, 1941.

H. G. ROBINSON,
Investigator, Special Senate Committee Investi-
gating the National Defense Program, U. S. Senate.

AFFIDAVIT No. 79

[In connection with this affidavit see Affidavit No. 79-A on p. 3566]

STATE OF TENNESSEE,
County of Carroll.

Personally appeared before me the undersigned authority, A. C. Coble, who being first duly sworn deposed as follows:

My name is A. C. Coble. I am employed by the Ferguson-Oman Company as an equipment checker on the Wolf Creek Ordnance Plant. My duties include the numbering of rental equipment.

In every instance where rental equipment has been received, a government inspector has first inspected the same and given his approval to the acceptance of the equipment prior to my numbering the equipment with a United States Wolf Creek number.

A. C. COBLE.

Sworn to and subscribed before me this the 24 day of November, 1941.

[SEAL]

WINFRED H. LANCASTER, *Notary Public.*

Registered as a Notary Public in Henderson, Carroll, and Gibson Counties, Tenn., as provided by Chap. 193, Public Acts of Tennessee 1935.

My Commission Expires July 10th, 1945.

AFFIDAVIT No. 79-A

EXCEPTION, A. C. COBLE—NOVEMBER 24, 1941.

#1—Mr. Coble is taking in too much territory by reason of the facts that:

- (a) His particular assignment did not always include his present duties.
- (b) It is a physical impossibility to have first hand knowledge of rental equipment receipts in "every instance."
- (c) Numerous items were worked on project without either approval of inspection or numbering.

A. W. B.

AFFIDAVIT No. 80

[In connection with this affidavit see Affidavit No. 80-A below]

STATE OF TENNESSEE,
County of Carroll.

Personally appeared before me the undersigned authority, J. R. Craig, who being first duly sworn deposed as follows:

My name is J. R. Craig. I am employed by the Ferguson-Oman Company and am in charge of the receiving of rental equipment on the Wolf Creek Ordnance Plant and the Wolf Creek Ordnance Depot at Milan, Tennessee.

My attention has been called to the testimony of Mr. Bouck and other testimony offered before the Senate Committee at the hearing in Memphis, Tennessee, to the effect that equipment was received on the job and that reports were received by the inspectors "from the outset of the project being too meager as to barely be sufficient of identification of the vehicle or piece of equipment and certainly insufficient in memoranda reflecting inspection" and further that equipment was received on the job in very bad condition.

As the employee in charge of receiving rental equipment, I know that every piece of equipment received on the job was first inspected by someone from the government office, and their approval was obtained before the equipment was given a United States Wolf Creek number.

Further, every piece of equipment received on the job was received on its own merits without regard to the owner of the equipment and was inspected by one of the inspectors from the government office.

J. R. CRAIG.

Sworn to and subscribed before me this 24 day of November, 1941.

[SEAL]

WINFRED H. LANCASTER, *Notary Public*.

Registered as a Notary Public in Henderson, Carroll, and Gibson Counties, Tenn., as provided by Chap. 193, Public Acts of Tennessee 1935.

My Commission Expires July 10th, 1945.

AFFIDAVIT No. 80-A

This statement is made to H. G. Robinson, Investigator for the Truman Committee, United States Senate as a supplement to my testimony before the Senate Investigating Committee on November 18, 1941. Such statement is occasioned by a sworn affidavit subscribed to by J. R. Craig who represents himself as in charge of the receiving of rental equipment on the Wolf Creek Ordnance Plant and the Wolf Creek Ordnance Depot at Milan, Tennessee.

My name is Anthony W. Bouck, appointed February 17, 1941 as Chief Tool and Equipment Inspector, QMC., under Executive Order No. 8564. I entered upon duty at the Wolf Creek Ordnance Plant on March 1, 1941 and was relieved of such official duty on July 12, 1941.

Mr. Craig's statement as to his capacity tends toward discrediting his affidavit inasmuch as one, John Taylor received all rental equipment during the first few weeks of construction.

It should be noted that construction of the Wolf Creek Ordnance Plant officially commenced on Jan. 20, 1941. The Office of the Chief Tool and Equipment Inspector was not established until March 1, 1941 and was neither staffed nor functioning until some two or three weeks later. During the period between Jan. 20, 1941 and March 20, 1941 considerable construction equipment was received on the project area without organized inspection by accredited

government inspectors. The majority of such equipment further, was the property of the prime contractors and it was not considered especially necessary at that time to question the integrity of the Ferguson-Oman Company with relation to their establishment of accurate records as to the condition of their own machinery or equipment received from a third party.

That they did not do this is evidenced by exhibits "A", "B" and "C." Exhibit "A" was initiated after verbal communications with the Ferguson-Oman Company had failed to remedy obvious inaccuracies. In this instance Mr. Ralls of the Equipment Procurement Section of the Ferguson Oman Company and a representative of the Dalrymple Equipment Company were requested to be present at a meeting in the office of the Chief Tool and Equipment Inspector. At such meeting Mr. Ralls and the Dalrymple representative were shown exhibits "A", "B" and "C" and satisfaction was subsequently made in the interests of the United States government.

ANTHONY W. BOUCK.

Dec. 10, 1941.

Witness:

H. G. ROBINSON, *Investigator.*

[Exhibit A attached to Affidavit No. 80-A]

OFFICE OF THE FIELD AUDITOR,
WOLF CREEK ORDNANCE PLANT,
Milan, Tennessee, March 25, 1941.

Inter-Office Memo.

From: Mr. T. D. Thomas, Field Auditor.

To: Capt. Carlton, Acting Constructing Quartermaster.

Subject: Equipment Rental Contract No. 8.

1. This communication is for the purpose of recommending the immediate cancelation of Equipment Rental Agreement Contract No. 8, Arch Dalrymple, Jr., Amory, Mississippi, Lessor.

2. It is the opinion of this office that specific misrepresentation is reflected on the Evaluation Sheet in the instance of items numbered 46 and 47.

3. The Chief Equipment and Tool Inspector of the Field Auditor's Office has effected a thorough investigation in connection with the above-mentioned items, and other facts of an unsatisfactory nature are available in the files of this office.

4. In view of the above conditions, it is believed that there is sufficient cause to relieve the United States Government, Lessee, of all freight charges, accumulated rentals, and/or any other obligation incurred under the terms of the agreement.

5. Any charges paid or in the process of payment by the United States Government, Lessee, as provided by the terms of this agreement should be considered as a direct charge to the account of the Ferguson-Oman Co.

T. D. THOMAS,
Field Auditor, QMC.

[Exhibit B attached to Affidavit No. 80-A]

WAR DEPARTMENT,
WOLF CREEK ORDNANCE PLANT,
Milan, Tennessee, March 14, 1941.

To: Mr. A. W. Bouck, Chief Equip. Insp.

From: Mr. H. F. Stanfiel, Sr. Equip. Insp.

Subject: Inspection of Equipment.

Having inspected Caterpillar number forty-six (46), I find it to be incorrectly listed as to year model and both purchase price and present value are incorrect. This equipment is listed as a nineteen forty model and is in reality a late nineteen thirty-six or early nineteen thirty-seven model. The new list price should be approximately eight thousand dollars (\$8000.00) and the present value is approximately five thousand, five hundred dollars (\$5,500.00).

This piece of equipment is practically useless until repaired. The transmission leaks, power unit transmission is shot, the rollers are worn out, left yoke is practically useless through wear and a new motor kit is needed.

This report is based on an inspection while this piece of equipment was working in the field.

H. F. STANFIEL,
Sr. Equipment Insp.

Sworn and subscribed to, before me this 15th day of March 1941.

SUSIE LOVE CHAMBERS, *Notary Public.*

[Exhibit C attached to Affidavit No. 80-A]

WAR DEPARTMENT,
WOLF CREEK ORDNANCE PLANT,
Milan, Tennessee, March 14, 1941.

To: Mr. A. W. Bouek, Chief Equip. Insp.

From: Mr. H. F. Stanfiel, Sr. Equip. Insp.

Subject: Equipment Insp.

Having inspected Caterpillar tractor number forty-seven (#47), I find this piece of equipment to be incorrectly listed as to year model and as to purchase price and present value, also as to present condition.

This Caterpillar is listed as a nineteen forty (1940) model and is in reality a late nineteen thirty-six (1936) or early nineteen thirty-seven (1937) model. It is listed as an RD-7, with motor number 9G-3630-W.

The actual purchase price of this piece of equipment is approximately seven thousand dollars (\$7000.00), and present value, in my estimation, is approximately four thousand dollars (\$4000.00).

It is in very poor condition, using a gallon of oil every eight hours.

I base this report on an actual inspection of this piece of equipment at work in the field.

H. F. STANFIEL,
Sr. Inspector.

Sworn and subscribed to, before me this 15th day of March 1941.

SUSIE LOVE CHAMBERS, *Notary Public.*

AFFIDAVIT No. 81

[In connection with this affidavit see Affidavit No. 81-A on p. 3569]

STATE OF TENNESSEE,

County of Carroll:

Personally appeared before me, the undersigned authority, George Greig Oman, who being duly sworn deposed as follows:

My name is George Greig Oman and I am employed as Division Superintendent in charge of the Mechanical Division for the Ferguson-Oman Company on the Wolf Creek Ordnance Plant.

My attention has been called to a report that was introduced during Mr. Bouek's testimony before the Senate Committee investigating the National Defense Program at the hearing at Memphis. Said reports is as follows:

"Request after request has been made to the contractor to provide reports on parts and replacements on respective costs since the outset of the project, but to date the only report received is for the month of April. As a result there is not a complete record in the auditor's office of the parts or replacements costs on any one of the approximately 2600 units in operation."

I want to state that except for the first few days of the operations as Wolf Creek Ordnance Plant, during which time we did not have the personnel or forms, a complete cost record system was set up for each piece of equipment, which records were open to and inspected by Mr. Bouek or his representatives. Parts records were signed by Mr. Bouek's representatives each time. Each day a costs recap of parts and labor and identification of the equipment on which the parts and labor were spent was made up in five copies and forwarded through channels. That was the practice under Mr. Bouek and is still the practice. I would say that there was at one time approximately 2300 pieces of equipment on the job. With the speed required it was necessary that repairs be made promptly and fully to save rental and time, and for that reason I requested Mr. Bouek to assign inspectors to the Heavy Equipment Repair Shop twenty-four hours a day, and such repairs were made as rapidly as parts could be obtained and the work done,

and as economically as possible. Naturally, when repairs were necessary we repaired the pieces of equipment which was most urgently needed, if the parts were available.

GREIG OMAN.

Sworn to and subscribed before me this 24 day of November, 1941.

[SEAL]

WINFRED H. LANCASTER, *Notary Public.*

Registered as Notary Public in Henderson, Carroll, and Gibson Counties, Tenn., as provided by Chap. 193, Public Acts of Tennessee 1935.

My Commission expires July 10th, 1945.

AFFIDAVIT No. S1-A

I, Anthony W. Bouck, having been sworn previously in this proceeding make the following statement in further support of my testimony to H. G. Robinson knowing him to be an investigator of the Special Senate Committee Investigating the National Defense Program.

Invitation to inspect basic testimony is extended with relation to the affidavit signed by Greig Oman on reports of parts and replacements.

The affiant hereto is confused. Basic testimony subscribes to the fact that the contractor failed in providing reports—not cost record systems or indexes. The inspection of a card system can by no stretch of the imagination be considered a report.

Exhibit "G" attached dictated March 25, 1941 by myself and prepared for the signature of T. D. Thomas, Field Auditor for the United States Government states the requirements essential in the preparation of monthly reports by the contractors of repair and replacement parts. As of the date of June 15, 1941 related reports of this nature were not in existence.

(Signed) ANTHONY W. BOUCK.

Sworn to and subscribed to before me at Jackson, Tennessee, Dec. 10, 1941.

H. G. ROBINSON,

*Investigator, Special Senate Committee,
Investigating the National Defense Program,
U. S. Senate.*

[Exhibit G attached to Affidavit No. S1-A]

WAR DEPARTMENT

WOLF CREEK ORDNANCE PLANT

Milan, Tennessee

From: T. D. Thomas, Field Auditor, Q. M. C.

To: Audit Section, Ferguson-Oman Company.

Subject: *Monthly Statements.*

To avoid possible delay in the certification of vouchers forwarded to this department, the following practice should be observed;

1. Separate original, duplicate, and triplicate copies of monthly rental rolls shall be accompanied by Voucher Form 1034 (revised) when forwarded to this office covering rentals for:

- a. Principal Contractor.
- b. Each Third Party Contractor.

2. Statements for repairs and replacements on rented equipment shall be submitted on a separate form headed "Repairs, Replacements, etc., on Rented Equipment, Tools, etc." Such form shall show segregation of repairs, replacements, etc., as to date of replacement and equipment number to which the repairs or replacements have been applied. Authorization for repairs and replacements shall be prepared in triplicate. Invoices covering such repairs and replacements shall be prepared in quadruplicate, the original only being duly receipted. Triplicate statements of repairs and replacements on rented equipment shall be forwarded to the Chief Equipment and Tools Inspector accompanied by corresponding copies of authorization and receipted invoices.

3. Schedule of Payments made to lien holders shall be rendered monthly in triplicate showing:

- a. Manner of payment (joint or individual check).
- b. Name and address of lien holder.
- c. USWC Number of equipment to which payment is applied.
- d. Original amount due.
- e. Amount of current payment.
- f. Date of payment.
- g. Check number of payments.

T. D. THOMAS,
Field Auditor, A. M. C.

cc: Anthony W. Bouek.
File (2).

AFFIDAVIT No. 82

[In connection with this affidavit see Affidavit No. 82-A on p. 3571]

F. P. S. Schedule

STATE OF TENNESSEE,
County of Carroll.

Personally appeared before me, the undersigned authority, George Greig Oman, who being duly sworn, deposes as follows:

My name is George Greig Oman, and I am employed as Division Superintendent in charge of the Mechanical Division for the Ferguson-Oman Company on the Wolf Creek Ordnance Plant.

My attention has been called to the testimony of Mr. Bouek before the Senate Investigating Committee hearing at Memphis, Tennessee, that the prices paid for parts of the Taylor-Hale Machinery Company were in excess of the T. P. S. schedule, and with reference to this testimony, I wish to state that Mr. Bouek's testimony is absolutely incorrect, as all parts were purchased on the T. P. S. schedule or better, and we quote from the face of the blanket purchase order addressed to Taylor and Hale, the requirement inserted by the Ferguson-Oman Company for the protection of the Government, as follows: "Vendor must certify on all invoices that he is conforming to T. P. S. requirements or that the prices appearing on the invoice are current prices for the industry locally." I attach hereto a photostatic copy of said blanket order, which is made Exhibit 1 to this affidavit. The reason for the wording "or that the prices appearing on the invoices are current prices for the industry locally" is that the Lorraine Shovel parts are not covered by a T. P. S. schedule.

GREIG OMAN.

Sworn to and subscribed before me this 24th day of November, 1941.

[SEAL]

WINFRED H. LANCASTER, *Notary Public.*

Registered as a Notary Public in Henderson, Carroll, and Gibson Counties, Tenn., as provided by Chap. 193, Public Acts of Tennessee 1935.

My Commission Expires July 10th, 1945.

[Exhibit 1 attached to Affidavit No. 82]

[The H. K. Ferguson Company, of Cleveland, Ohio, and Oman Construction Company, of Nashville, Tennessee, have associated themselves for the execution of a joint contract with the UNITED STATES GOVERNMENT, for the construction of Wolf Creek Ordnance Plant, near Milan, Tennessee. Address all mail and invoices to Milan, Tennessee]

Purchase order No. 8439. Order number must be plainly shown on each item, package, correspondence, and invoice. Complete PACKING LIST must accompany each shipment.

FERGUSON-OMAN COMPANY,
WOLF CREEK ORDNANCE PLANT,
Milan, Tenn., April 29.

Nine, Pur. Dept. N. F.
To Taylor-Hale Machinery Company
Address: Milan, Tennessee

Please enter the following order in accordance with the conditions and terms of your accepted bid and/or contract dated _____ and in conformity with conditions and instructions on reverse side hereof:

Description:

Necessary emergency repair parts for caterpillar tractor, Letourneau, Laplant Choate, Athey & Lorain shovel, as we may specify value not to exceed \$10,000.00.

This order issued only for emergency needs.

Estimated amount, \$10,000.00. Vendee reserves right to decrease this amount, in the event that repairs required do not aggregate this amount. Vendor must not ship more than \$10,000.00 without additional change of purchase order.

Vendor must certify on all invoices that he is conforming to TPS requirements or that the prices appearing on the invoices are current prices for the industry locally.

No shipments are to be made without our formal release.

All freight and/or trucking charges must be prepaid.

Shipping manifest and B/L must be mailed on date of shipment.

Failure to ship or deliver as promised shall be deemed sufficient cause for cancellation.

Deliver to: Heavy Equipment Repair Shop, Red Barn, Graball, Tenn.

Terms: Net 30 days. Ship on: Specified date

Estimated total, \$10,000.00.

CONTRACT NO. W-7011-QM 2

Ship to: United States Construction Quartermaster.

At: Wolf Creek Ordnance Plant, Milan, Tenn.

For account of: Ferguson-Oman Company: Wolf Creek Ordnance Plant, Wolf Creek (Gibson Co.) Tenn.

QUARTERMASTER.

Ship by: Quickest Way. F. O. B.: Job Site.

Terms: Net 30 days, Shipments Must Start By: Specified Date And Be Completed By ----- Mark Packages, Cases, Etc. with Above Purchase Order Number, Special Number of Each Package, Weight of Each Package, Vendor's Name, and the Following Special Markings

Important: See Reverse Side of This Sheet.

Purchase Approved Because:

Contract: W-7011-QM 2.

- 1—Lowest Price-----
- 2—Early Delivery X
- 3—Better Quality-----
- 4—Better or required design X
- 5—Only Available Source X
- 6-----

FERGUSON-OMAN COMPANY,
Purchasing Agent,

Approved by:
C. H. BRUCE,
1ST LT., QMC,
Construction Quartermaster.

Requisition No.: OS 1243.

Job. No.: OM 58.

Appropriation: ORD S191-P 2-99
A-0141-01.

LT. C. H. BRUCE, Q. M. C.
Spec. Asst. C. Q. M.

(Stamped:) Altered date 6-6-41. Altered date 7-7-41. Altered date 7-25-41.
L. M. G.

AFFIDAVIT No. 82-A

This statement is made to H. G. Robinson, Investigator for the Truman Committee, United States Senate as a supplement to my testimony before the Senate Investigating Committee on November 18, 1941. Such statement is occasioned by a sworn affidavit subscribed to by Greig Oman who represents himself as Division Supt. in charge of the mechanical division for the Ferguson-Oman Company, engaged in the construction of the Wolf Creek Ordnance Plant, Milan, Tennessee.

My name is Anthony W. Bouck, appointed February 17, 1941 as Chief Tool and Equipment Inspector, QMC., under Executive Order No. 8564. I entered upon duty at the Wolf Creek Ordnance Plant on March 1, 1941 and was relieved of such official duty on July 12, 1941.

Mr. Oman states that testimony by myself before the Senate Investigating Committee hearing at Memphis, Tennessee was "The prices paid for parts of the Taylor-Hale Machinery Company were in excess of the T. P. S. schedule" and that "Mr. Bouck's testimony is absolutely incorrect."

Inspection of such basic testimony reflects that I believed prices paid for repair parts from the Taylor-Hale Machinery Company conformed to government specifications.

The purpose of this instrument by Mr. Oman appears to have no bearing on the subject matter but is construed as an attempt toward the establishment of a chain of affidavits calculated to cast doubt on the responsibility of the individual referred to in such affidavits.

ANTHONY W. BOUCK.

Dec. 10, 1941

Witness:

H. G. ROBINSON, *Investigator*.

AFFIDAVIT No. 83

[In connection with this affidavit see Affidavit No. 83-A on p. 3573]

STATE OF TENNESSEE,

County of Carroll.

Personally appeared before me Mr. A. K. Ferguson who being duly sworn deposed as follows:

My name is A. K. Ferguson and I live at Jackson, Tennessee. I am employed by the Ferguson-Oman Company as Liaison Officer between the contractor and the Constructing Quartermaster's office.

On November 18, 1941 Mr. Bouck testified before the Senate Investigating Committee in Memphis, Tennessee and among other things there was introduced in the record a letter of Mr. Bouck dated June 14, 1941 reading as follows: "Performance of prescribed audit functions impossible. General contractor refuses to record proper basic accounting information. Section personnel insufficient to operate as directed under Construction Division Letter No. 286. Recommend that Zone Auditor conduct a physical inspection of conditions is considered advisable to determine that basic defense materials are receiving proper application. Accountability must accompany expediency to avoid undue waste.

"Reflection on the administration of your office is neither intended nor implied. Fulllest cooperation within the limits of your local jurisdiction has been extended. Consideration of present rating and responsibilities with a view of compensatory adjustment is requested in this connection."

Mr. Bouck also states that he was unable to determine the usage of the various cars, station wagons and pick-ups assigned on this job. None of these statements are correct. The Constructing Quartermaster's office had a full description together with serial and unit numbers of the station wagons, cars and pick-ups just as they did of all other equipment on the job. They further had records or access to records indicating to what departments and individuals these pieces of equipment were assigned which would determine their general usage.

During this time at a meeting between representatives of the contractor, the Constructing Quartermaster (then Major Brewer), Mr. Bouck and possibly others, various matters were discussed in connection with the operation of the project and Mr. Bouck made a recommendation that sufficient personnel and records be kept for the sole purpose of making the regular check at two hour intervals of the use of each of the cars, station wagons and pick-ups. At about this same time the Constructing Quartermaster received instructions to reduce the administrative personnel in the interests of economy to the government. The recommendation of Mr. Bouck would have required a full time crew of approximately 30 to 40 additional employees as equipment checkers only, together with the necessary additional motor equipment for these inspectors to perform these checking functions, which would have amounted to a very large sum of money approximating \$9,000 monthly.

Mr. Bouck's recommendation was not put into effect by reason of the fact that it was rejected in this conference with the consent and approval of the Constructing Quartermaster. Of course, Mr. Bouck was a subordinate to the Constructing Quartermaster who approved the rejection of Mr. Bouck's recommendation.

It was decided that in order to save unnecessary expense, this equipment which was on a 24 hour basis would have the expense of operation prorated to various departments in proportion to its application to the various divisions of the work. Hence, the need for basic accounting information by two hour intervals did not exist.

The usage of this equipment however, was regularly and properly checked and proper records made of same from which it was determined that this equipment was very necessary to the progress of the projects.

Although Mr. Bouck testified before the Senate Committee that there were 600 such vehicles on this job, this was not correct. The fact is that at this time there were in operation on the job a total of 376 cars, pick-ups and station wagons.

A. K. FERGUSON.

Sworn to and subscribed before me this 25th day of November 1941.

[SEAL]

WINFRED H. LANCASTER, *Notary Public*.

Registered as a Notary Public in Henderson, Carroll, and Gibson Counties, Tenn., as provided in Chap. 193, Public Acts of Tennessee 1935.

My Commission Expires July 10, 1945.

AFFIDAVIT No. 83-A

I, Anthony W. Bouck, having been sworn previously in this proceeding make the following statement in further support of my testimony to H. G. Robinson knowing him to be an investigator of the Special Senate Committee Investigating the National Defense Program.

Mr. A. K. Ferguson's sworn reactions to my letter dated June 14, 1941, which commenced as follows "Performance of prescribed audit functions impossible. * * *" should make it plain that Mr. Ferguson's interpretation of Construction Division Regulations is extremely cloudy. The Construction Division Regulations state plainly that all equipment under rental agreement must be accounted for by means of a daily usage report. If Mr. Ferguson's conception of a daily report is "a full description together with serial and unit numbers" or "they further had records or access to records indicating to what departments and individual these pieces of equipment were assigned which would determine their general usage." it is easy to determine why records in this instance together with other vital records have never been kept.

Recommendations were made specifying that records be kept daily on cars, station wagons and pick-ups. No additional personnel was necessary because concrete plans were drawn up to consolidate the individual truck and light conveyance dispatching area. It is interesting to note that Mr. Ferguson states that the recommendation was rejected by the Constructing Quartermaster. The plan was vetoed by Mr. Gilbert Olson who was on the Ferguson-Oman payroll as was Mr. Ferguson also and because Mr. Olson was in effect subordinate to Mr. Ferguson it would not have been wise for Mr. Olson to do other than Mr. Ferguson's will. To complete the picture Mr. Olson subsequently was relieved of all connection with the Wolf Creek Ordnance Plant and went to work for Mr. Ferguson's organization in another part of the country.

At a meeting late in May 1941 attended by A. K. Ferguson, Gilbert Olson, Wallace Faulk, John Taylor, Mr. Hern and one or two others whose names are not immediately available I outlined the necessity for more complete basic records on equipment usage. At such meeting over my protest it was decided to eliminate all equipment time checkers from the Ferguson-Oman organization and substitute a usage report which would be initiated by area foremen. The foremen however could not or did not complete such daily reports on equipment usage and for nearly one month the contractors had no physical information upon which to base a monthly rental roll of equipment. The Government Tool and Equipment Section kept equipment usage time in the usual manner. The Ferguson-Oman Company breached the intent of their contract with the United States Government when they failed to collect and compile critical records. Further they jeopardized payment of rental due to owners of constructing equipment which was under rental contract.

The last paragraph of Mr. Ferguson's affidavit calls attention to the fact that there were not six hundred such vehicles on the job but that the total in operation at that time was three hundred and seventy-six cars, pick-ups and station wagons. The records of the Government Tool and Equipment Section attests to a peak of four hundred and fifty-nine units of this particular description but does not take into consideration numerous other types of vehicles used for the purpose of conveyance.

The irregularity this office was attempting to correct was not primarily the number of units in use but the definite refusal of the contractors to compile

usage reports on equipment of this nature. Because of such refusal Exhibit "H" attached was initiated.

(Signed) ANTHONY W. BOUCK.

Sworn to and subscribed to before me at Jackson Tenn. Dec. 10, 1941

H. G. ROBINSON,
*Investigator, Special Senate Committee
Investigating the National Defense Program, U. S. Senate.*

[Exhibit H attached to Affidavit No. 83-A]

WAR DEPARTMENT,
WOLF CREEK ORDNANCE PLANT,
Milan, Tennessee, June 16, 1941.

MEMORANDUM

Subject: Additional Functions, Equipment and Tool Section

To: T. D. Thomas, Field Auditor, Wolf Creek Ordnance Plant, Milan, Tennessee

1. It is considered imperative that the Equipment and Tool Section of the Field Audit Department assume all General Contractor functions indicated under Construction Division Letter No. 286 (QM 300.5 C-F General) dated June 7, 1941.

2. Ferguson-Oman Company, General Contractors, have refused to gather sufficient information to permit the certification of monthly rental rolls, stating, in effect, that there is insufficient personnel to do so.

3. Ferguson-Oman Company have further disregarded instructions both verbal and written regarding necessary governmental procedure in connection with basic accounting of rental equipment.

ANTHONY W. BOUCK,
Chief Equipment and Tool Inspector.

AFFIDAVIT No. 84

[In connection with this affidavit see letters No. 84-A on p. 3591]

STATE OF TENNESSEE,
County of Gibson.

The affiant, J. T. McCarran, being duly sworn by the undersigned authority deposes as follows:

My name is J. T. McCarran. I am now, and since March 14, 1941 have been, Chief Property Officer for Ferguson-Oman Company. Prior to entering employment of Ferguson-Oman Company, I have been Chief Time Inspector for War Department at the Wolf Creek Ordnance Plant. I resigned as Chief Time Keeper for the War Department and became Chief Property Officer for Ferguson-Oman with full knowledge and approval of the Chief Field Auditor, T. D. Thomas, and Constructing Quartermaster, who was then Captain, now Major Horridge. From May, 1938 to January 8, 1941 I had been Chief Property Officer for the Federal Works Agency, Cleveland, Ohio. I was transferred from Cleveland to Washington for duty for the War Department.

My attention has been called to the testimony of Mr. Anthony W. Bouck as reported in the verbatim report of proceedings of the Senate Committee Investigating National Defense Program and published by the Bureau of National Affairs, Inc. and appearing on PP. 2686 to 2688, as follows:

"I determined early in the game that there were very few, if any, basic records with regard to the small tools, such as steel saws and things of that nature that might run up into forty or fifty dollars, but which are easily slipped under the coat and in the back of a car and taken away. For that reason, I attempted to have the contractor's property officer, as he was called, establish records, accountability records, of these small tools that we knew were delivered to the area because the Government had, in most cases, inspected and receiving reports. I was never able to see any conclusive records or records that could be used as accountability records compiled by the contractor. For that reason, our particular section started out compiling records on small tools on our own hook rather than following the instruction of the Construction Division Manual which says the chief tool and equipment inspector shall keep a close watch over the contractor's tool room."

The foregoing testimony of Mr. Bouck is incorrect and misleading. Even before I became Chief Property Officer for Ferguson-Oman Company, the Contractor had set up basic receiving reports of all tools, equipment, etc., which were received on this project from the day that work began; and there have been kept on the project complete and full records necessary to keep full account of property accountability. Neither Mr. Bouck nor anyone else from his office ever contacted me at any time or criticized the records kept by me; and the records kept by me were conclusive records and were available for inspection by Mr. Bouck or any other authorized person at any time; and there was absolutely no reason for Mr. Bouck to compile records for small tools because my records fully covered the subject. In addition, the Constructing Quartermaster has his own record on property accountability which are identical with ours and are under the supervision of the C. Q. M. Property Officer, a commissioned officer who is under bond.

The following is a description of the records kept by me and of my method and procedure of keeping track of property:

(1) *Acquisition of Property.*

As property is received on the project from the vendors it is checked by both the government and contractor's personnel as to the quantity and quality and then a receiving report is prepared which shows the vendors name, purchase order number, amount of material received, etc.

Property received from other government projects or agencies is checked as to quantity and a receiving report is then prepared the same as above.

From these receiving reports a property accountability record is made on Form P-4 hereto attached, which indicates the amount of property received and from whom. These cards are then held in a permanent file.

This procedure has been followed since the inception of this project and covers all such property which has been paid for with government funds either on a rental or outright purchase basis.

The Constructing Quartermaster Property Section then issues this property to the Contractor on Form QMC-487 revised and hereto attached Memorandum Receipt for every item of property purchased or recaptured with government funds. This is done only after the purchase order, receiving report and vendors invoices have been checked against each other for any discrepancies. The memorandum receipts are then checked by the Contractor against the property records and if correct are receipted for by the Property Officer as having been received. For property listed on memorandum receipt the Contractor is responsible for its proper care and use while in his custody which also involves financial responsibility in accordance with the terms of Contract W-7011 (Ferguson-Oman Company contract) dated January 25, 1941.

Therefore, knowing the responsibility involved, the utmost care is exercised in issuing this property to the field personnel for their use. Various divisions using property on this project for which the Contractor has been charged and is responsible for are the CQM, Ordnance, Procter & Gamble and Contractor's personnel.

(2) *Method of Property Transfer.*

As property is required for use in the various areas, a form request for property is prepared by the authorized or responsible party of that area and submitted to the Central Warehouse where the signature is checked as to the person requesting same. If property is available in the warehouse a property transfer order and receipt form is prepared in triplicate and all three copies are signed by the individual receiving the property. A copy of this report is maintained by the warehouse issuing the property, one copy to the party receiving the property and the original copy is forwarded to the Contractor's Property Office, which copy is then used for the purpose of establishing property responsibility for the individual or areas receiving such property. The individual receipting for property becomes responsible for it.

Property transfers of this kind are made for all property issued and records are maintained even for items such as rulers, staple removers, wire baskets, hand service tools, electric light bulbs, etc. The value of some of these items being less than ten cents (10¢). In other words, all property which is charged to the Contractor, regardless of unit value is accounted for and records maintained.

(3) *Monthly Report of Inventory.*

Each responsible employee and department is required to submit, at the end of each month, a complete physical inventory of all property which they have in

their custody as of that date. This inventory is submitted to the Property Office where it is checked and reconciled against their property records and any exceptions noted are immediately called to the attention of the party submitting the inventory for his action and explanation regarding same.

Each area where hand service tools and equipment are required are kept and stored in tool houses. In each of these tool houses there is a tool checker whose responsibility is to see that all tools issued from this tool house are issued through the means of a brass tool check, which tool check corresponds to the individual identification number and in that manner it determines the individual to whom property of this kind has been issued and who is responsible for its care and safe return while in his custody.

(4) *Survey Procedure.*

As property becomes unserviceable and worn through fair wear and tear, these items are then forwarded to the Salvage Depot (see attached photographs) from which a report is prepared, listing the various items for which a survey has been requested. This report is then forwarded to the CQM Property Officer where he in turn transposes same to Form WD, IGD revised, I & I (Inspection and Inventory Report). This report is then turned over to the appointed Survey Officer for the purpose of making his inspection which is done in the presence of the Salvage Officer and the CQM Property Officer.

After this property has been surveyed and either recommended for salvage, destruction, etc., it is then turned over to the Salvage Officer who is an officer of the Ordnance Department. It is then required that the various materials such as steel, cast iron, galvanized iron, copper, lead and aluminum be sorted by kind and are then weighed and held by the Salvage Officer for further disposition.

All such property transferred into the Salvage Depot is done by means of property transfer order and receipt and has a document number assigned to each such movement. Items of expendable property such as automotive and machinery parts which have a residual or exchange value are also held in the Salvage Depot and each and every such part of automotive equipment has a metal tag attached to it indicating from which vehicle or piece of equipment the part is received.

After the survey procedure has been accomplished, the CQM Property Officer then has prepared a credit memorandum and issues same to the Contractor giving him credit for the items of property which have been surveyed and by this means these items are dropped from the Contractor's property records. While the CQM procedure provides that items of property costing \$10.00 or less be considered as expendable and be dropped on a certificate of expenditure, this procedure is not followed on this project as each and every item of property charged to the Contractor on memorandum receipt is held for inspection or for I & I report of survey which means that the Contractor receives no credit for any property which he is unable to produce.

(5) *Installation of Equipment.*

Items of property such as motors, fans, machinery, tanks, boilers, transformers, light bulbs and other construction materials which have been charged on memorandum receipt are credited to the Contractor only through the medium of a report of permanent installation which is prepared by the Property Officer and is a physical inventory of all such items of property showing name, serial number, size, etc. of the property. Also indicating the buildings or locations where it is installed. After these reports have been checked by the War Department and the buildings and its contents accepted by them, the Contractor then receives a credit memorandum for items installed; therefore, only through a report of survey, shipping ticket, or certificate of installation does the Contractor receive credit for property which has been charged to him.

(6) *General.*

By following the above procedure and which *dates back to the first day of this project*, the Contractor has done everything possible to protect government property entrusted to his custody and has done so to the advantage of the government.

The records of the Contractor's Property Section have been open to any and all persons in the War Department at all times and are constantly being referred to by them. The tool and equipment section of the Auditor's Staff during the month of April had two employees work in the Contractor's Property Office for the purpose of establishing a record of small tools and equipment which had been

received on the project and those figures were taken from the Contractor's records which were already established. And they are at this date still using the Contractor's copy of the receiving report for the purpose of keeping these records current. On this project from the start the Constructing Quartermaster's Property Officer and his staff have handled and established all property accountability records for the Constructing Quartermaster. The Tool and Equipment Section of the Audit Staff have had nothing to do with such records.

Items of property such as desks, chairs, typewriters, adding machines, motor vehicles, heavy equipment, tools, etc. which are government property have been numbered by means of a metal identification tag for the purpose of denoting ownership and means of establishing proper property accountability.

Attached you will find copies of all the forms referred to and used in accordance with this procedure. Also photographs showing various shots of the Salvage Depot which indicate the way which salvage materials are handled.

J. T. McCARRAN,
Chief Property Officer.

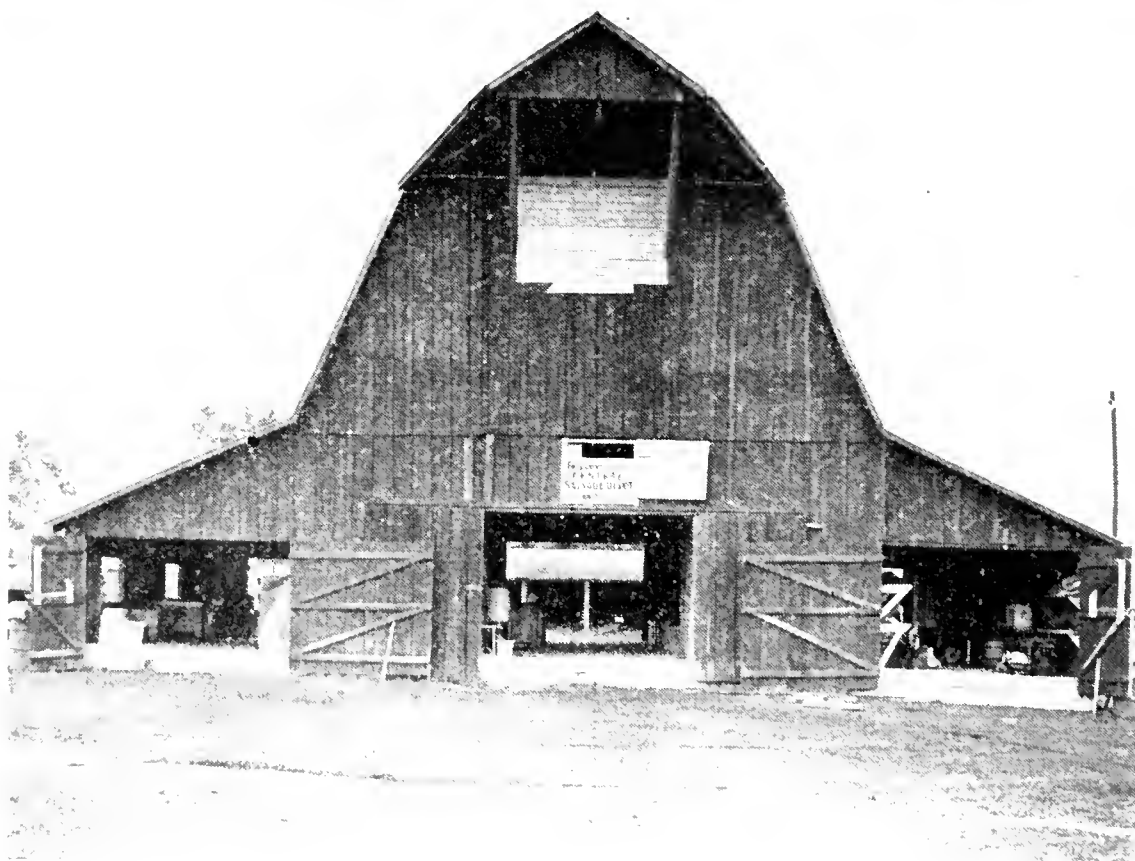
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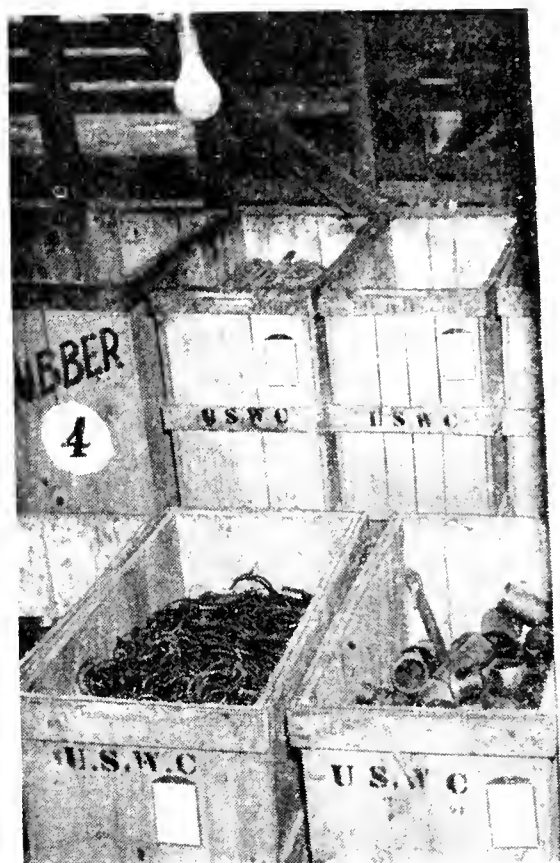
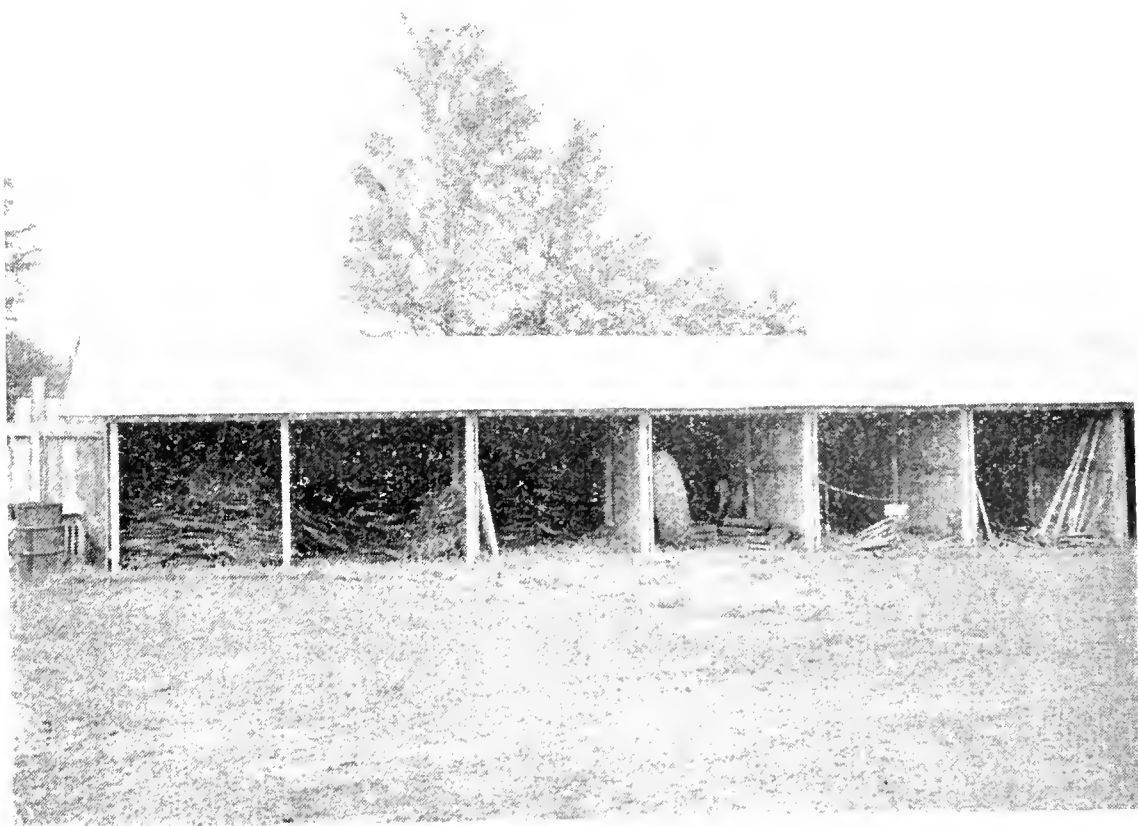
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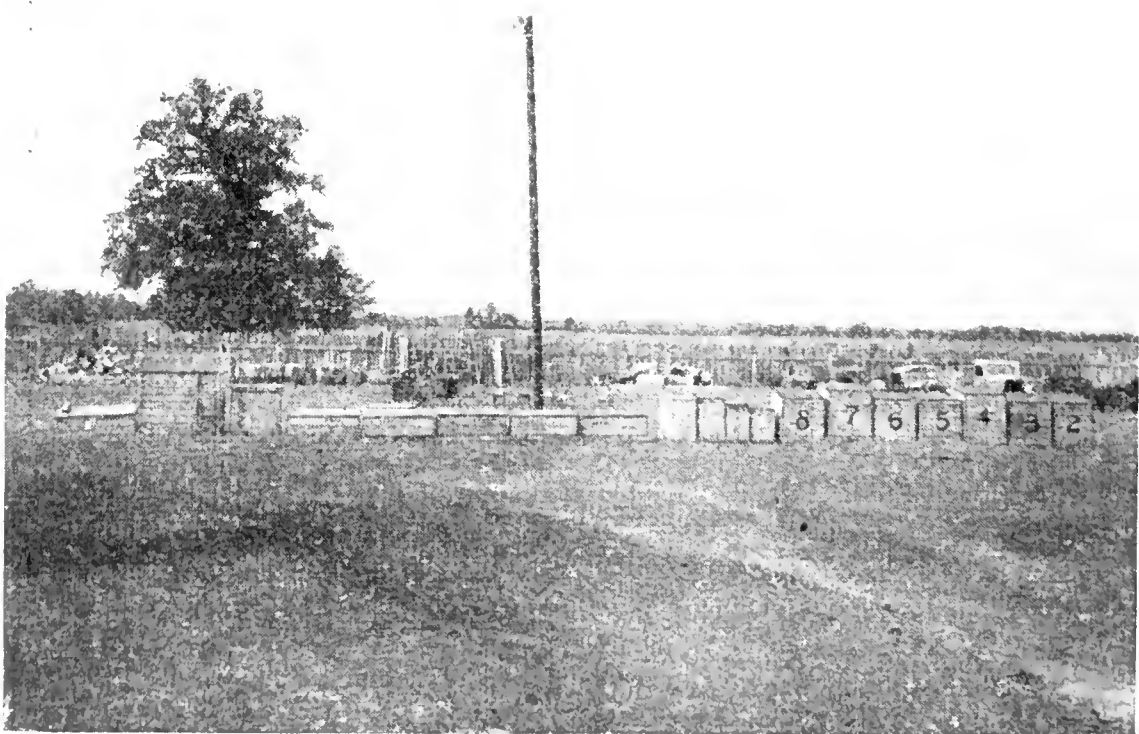
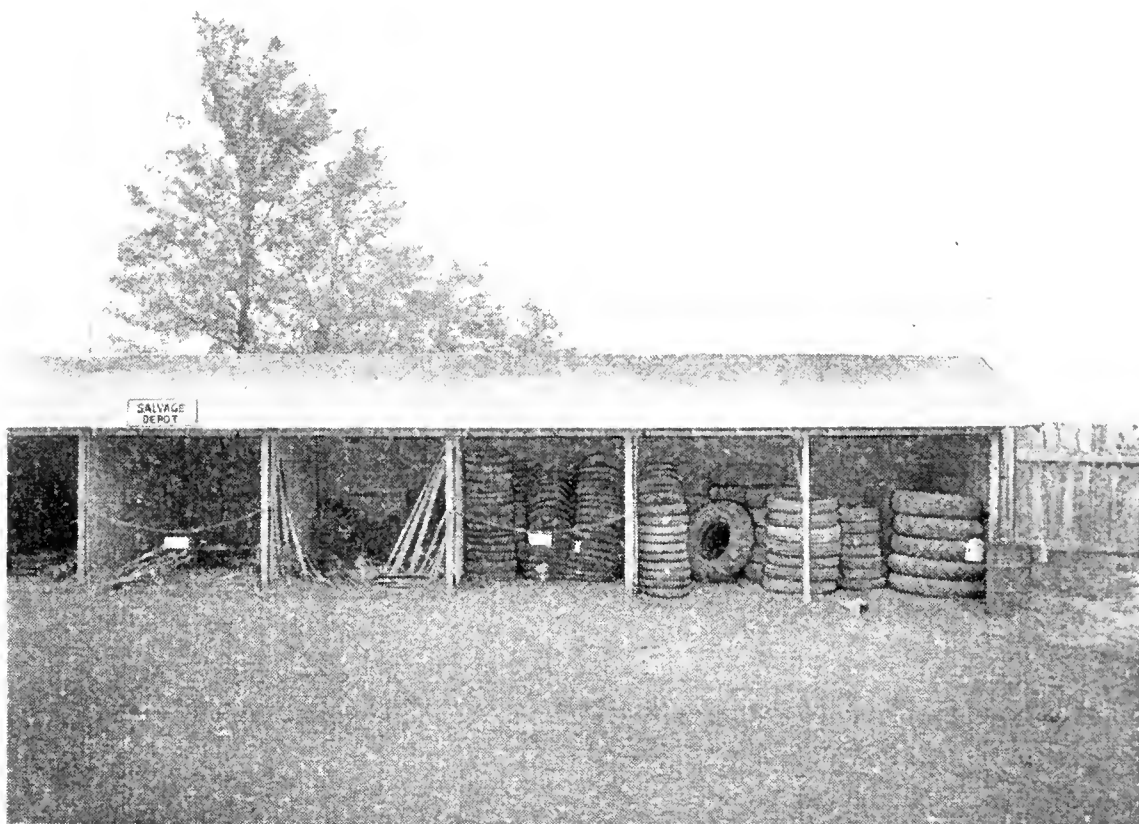
WINFRED H. LANCASTER, *Notary Public.*

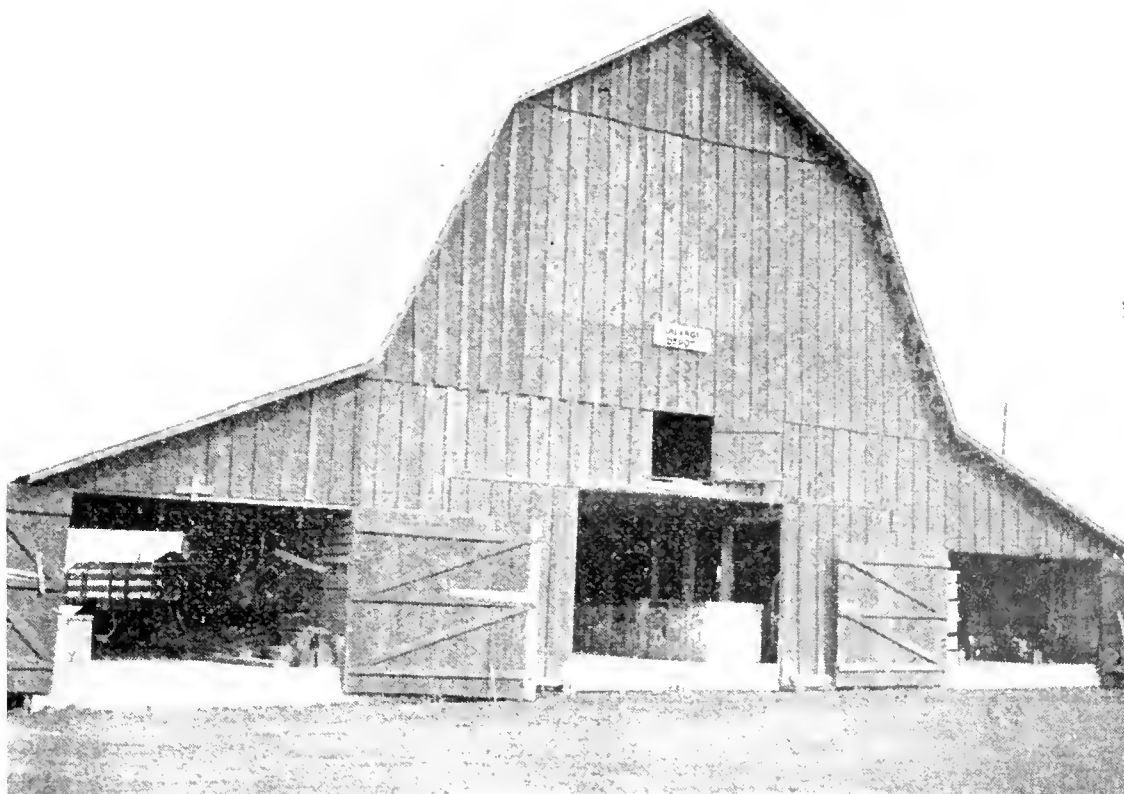
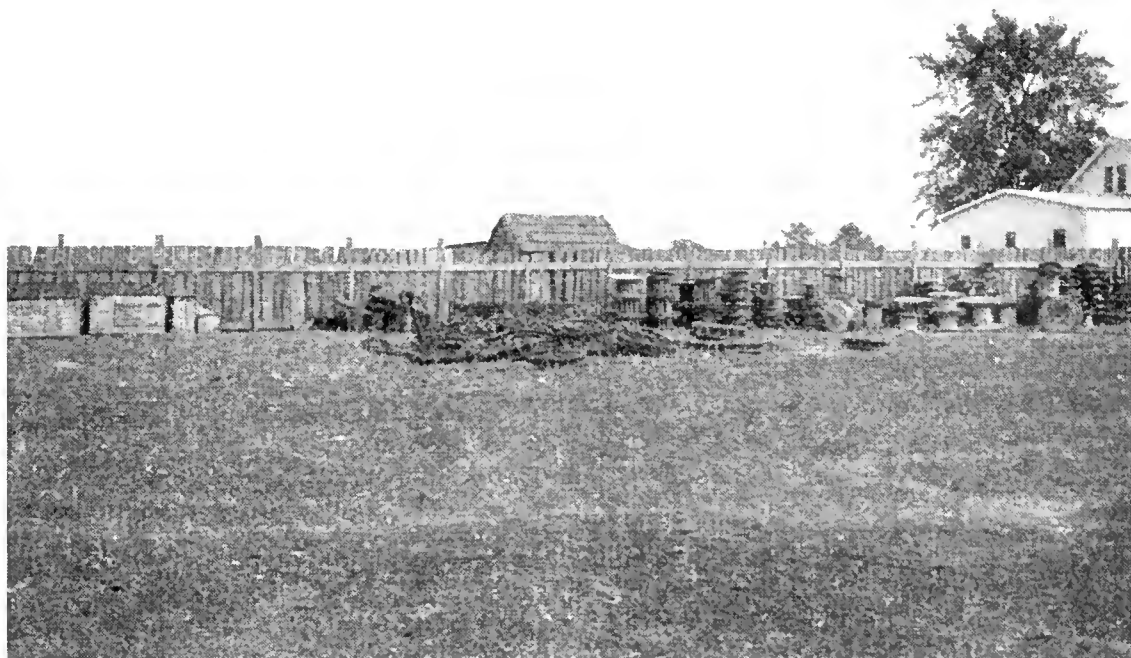
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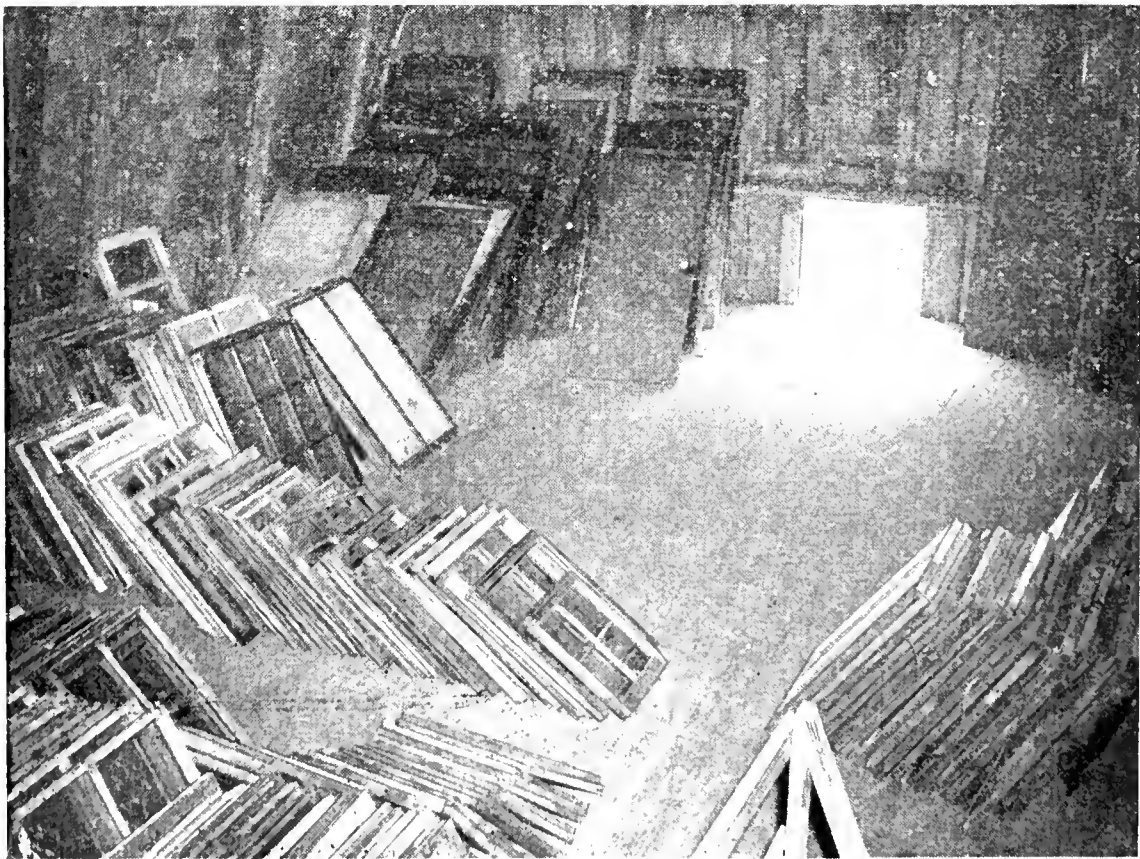
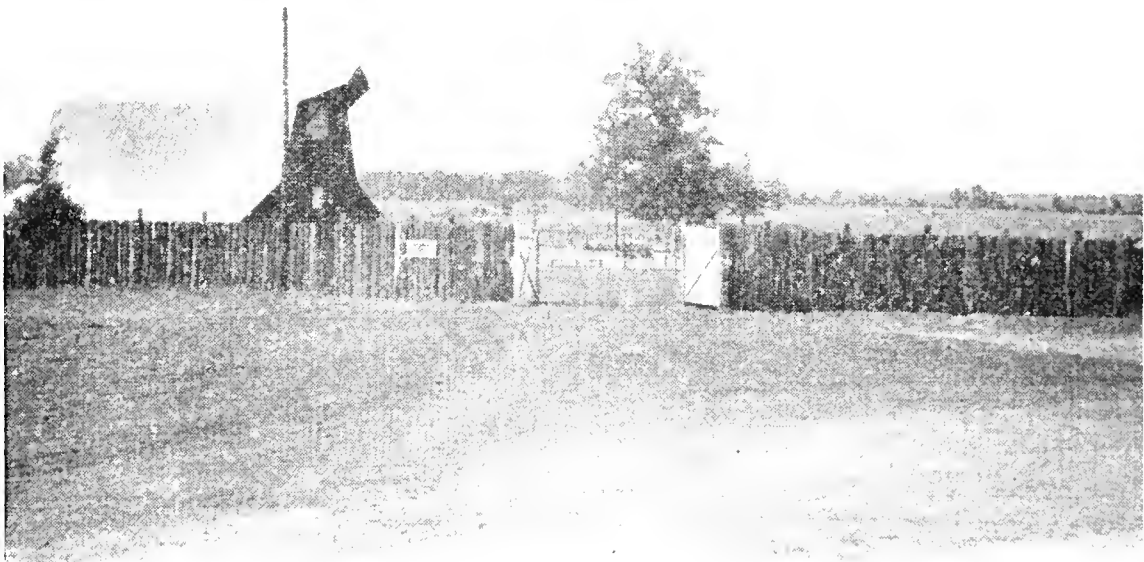
My Commission Expires July 10th, 1945.

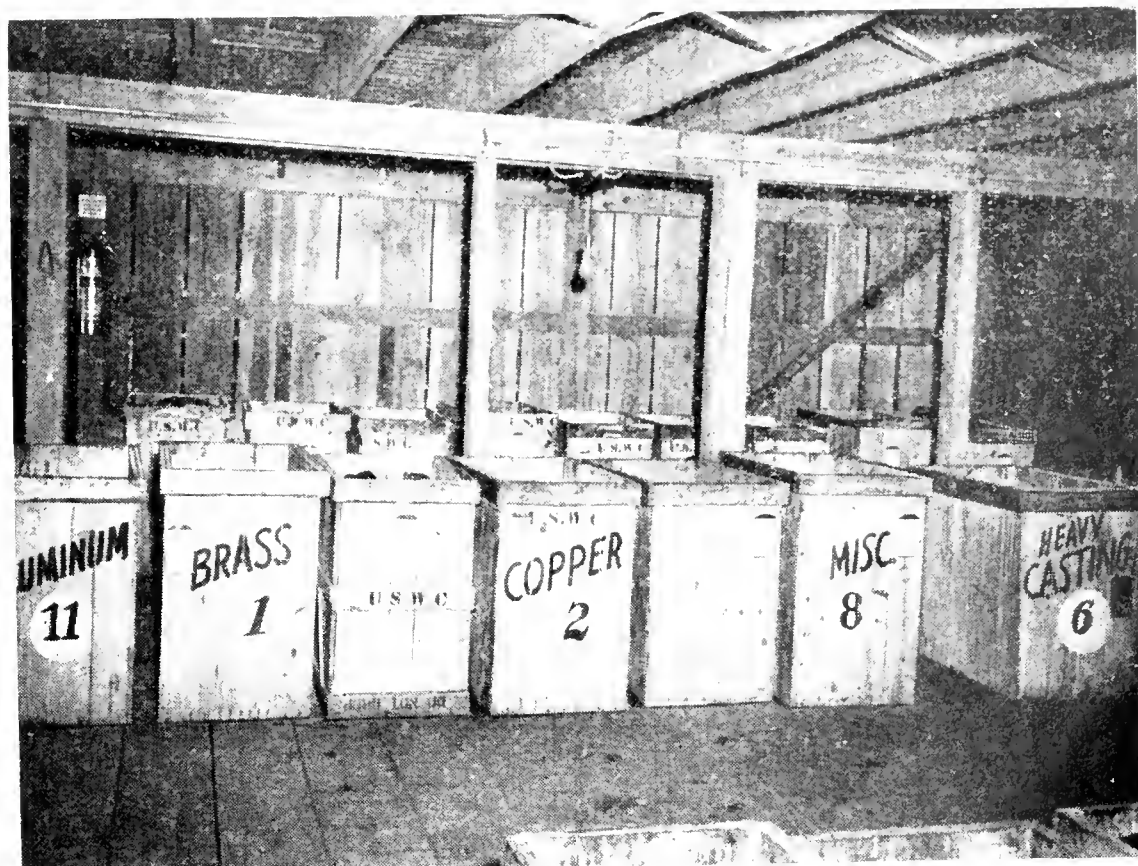
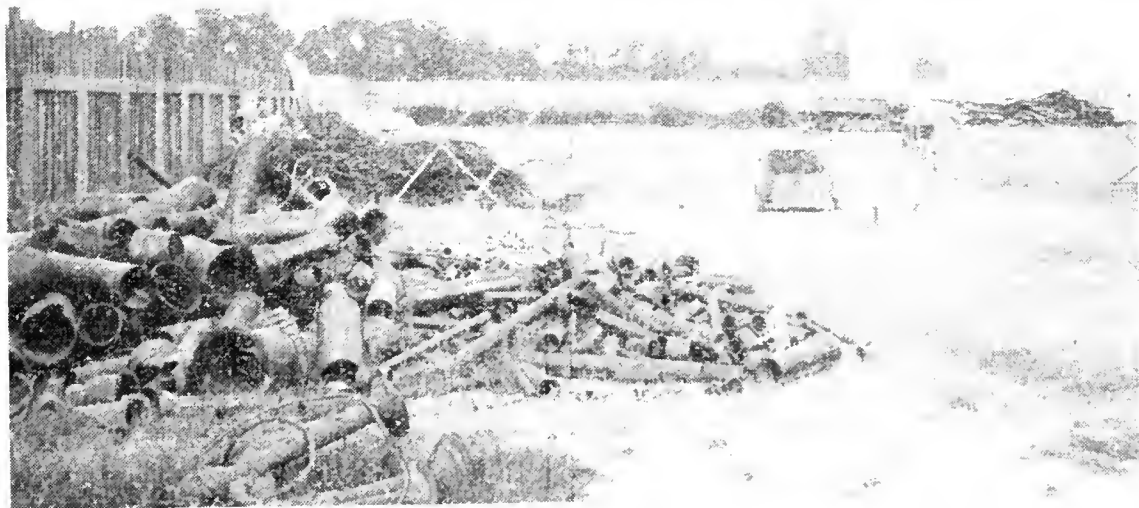












[This form is printed in sets running from 1 to 8. No. 1 is reproduced]

FERGUSON-OMAN COMPANY
WOLF CREEK ORDNANCE PLANT
Milan, Tennessee

MATERIAL RECEIVING REPORT

Tally Sheet No. _____
Rec. Report No. _____ Date _____
P. O. No. _____
Vendor _____
Shipper _____ Car Number _____

Quantity	Unit	Description	Total received

Freight Prepaid _____ Freight Collect _____ Bill of Lading No. _____
Chargeable To: _____
Area To Which Sent _____

Government inspector Contractor checker

Verified with T. S. and P. O. Verified with T. S. and P. O.

[This form is printed in original (1) and duplicate (2). No. 1 is reproduced]

Mod Tally-In No. 8307

FERGUSON-OMAN COMPANY
Wolf Creek Ordnance Plant

TALLY-IN SHEET

Sheet No. _____
Number of Sheets _____
Station _____ Warehouse No. _____ Date Received _____
Consignor _____ Car No. _____ Car Seals No. _____
Via _____ Requisition, Purchase Order, or Shipping Ticket _____
(Rail, truck, boat, parcel post, mail)

No. _____ Bill of Lading No. _____
Contents of packages {have
 have not} been verified (strike out words not applicable)

Quantity	Unit	Description as shown on P. O.	Total

MILAN ORDNANCE DEPOT

Checker _____ Contractor _____ Government inspector _____

MEMORANDUM RECEIPT

*CREDIT *DEBIT SLIP

*Issued to }
*Turned in by }
Place _____ Date _____, 19____

(Name of supply branch) _____ Property

No.	Stock No.	Articles

Received the above-named articles.

(Signature with rank and organization)
No. _____
(Official designation)

*Strike out words not applicable.

FERGUSON-OMAN COMPANY

Wolf Creek Ordnance Plant

REQUEST FOR PROPERTY OR SERVICES

Request No. _____
Sheet 1 of _____ sheets
Date _____

To: Warehouse (give location) _____
From: (Brief description and location of requesting project) _____

Property will be {received} by—Name _____ Job address _____
 {released}

Item No.	Quantity	Unit	Description of item (state fully)	Estimated unit cost		Estimated cost		740 or A-6 No.
				Field	Ware- house	Field	Ware- house	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Total (all sheets)								X X X X

Shipping instructions _____

Delivery dates _____

Approved: _____ (Date) _____ (Date)

(Signature of approving officer) _____ (Signature of requesting officer)

(Date) _____
(Signature of warehouse superintendent or representative)

INVENTORY AND INSPECTION REPORT

(Articles^{{are}_{{are not}) designated as controlled)

Page-----
Of-----property. Pertaining to-----
(Class, QM, medical, etc.) (Station or organization)
Accountable officer----- Inspected at-----
On----- By-----
(If special inspector, state authority and date)

Report by responsible officer			Disposition by inspector					
1	2	3	4	5	6	7	8	9
ARTICLES (If the condition of property is due to fair wear and tear, state so after last item in this column. If not, state circumstances.)	Quantity	Total cost price, if not known, estimate it	To be continued in service	To be destroyed	To be turned in for reclamation of parts	To be turned in to salvage	To be sold	To be turned in to depot or arsenal
Stock No. Description								

INSTRUCTIONS

1. This form will be used for the inventory and inspection of property (except public animals) for condemnation in all the branches of the Army. Reports to be submitted in duplicate.
2. Separate inventories will be prepared for property pertaining to the different supply branches, for "Subsistence Stores" as distinct from other property of the Q. M. Corps, for property not listed as controlled, for property listed as controlled, for public buildings, and for vessels or boats of the Army.
3. For regulations relating to the inspection of property for condemnation, including the preparation, approval, and disposition of I. & I. Reports, see A. R. 20-35. Special attention is invited to the following paragraphs thereof.
- Par. 2a (5): Articles identified by serial numbers will be listed singly, giving serial number, arsenal or other initial, date of issue, and length of time they have been in the service, together with such other special information peculiar to the article as may be required. These data may be given in column 1, using more than one line if necessary, or on a list attached to the I. & I. Report.
- Par. 2c: Erasures of entries on I. & I. Reports are prohibited. Changes in entries must be authenticated by the initials of the inspector. Blank lines, column 1, will be ruled out in red ink when no articles are entered thereon.
- Par. 2d: Cost price of the property if not of record will be estimated.
- Par. 6b (6): Marking "I. C.," etc., at time of inspection of articles to be turned in to salvage. Salvage officers must receipt on the I. & I. Report for such property turned in.
- Par. 6b (3): Marking or mutilation at time of inspection of articles "to be turned in for reclamation of component parts." Reclamation officer must receipt on the I. & I. Report for such articles turned in.

Par. 7: Witness to the destruction of property.

Par. 8: Disposition of I. & I. Reports.

4. When all the articles inventoried are not presented to the inspector, the number or quantity not presented should be carried in the column "to be continued in service."

I certify that the articles "to be destroyed" on this I. & I. Report have been destroyed in my presence.

Par. 7, AR 20-35

Received the articles "to be turned in for reclamation of component parts" on this I. & I. Report.

Reclamation Officer.

Par. 6b (3), AR 20-35

Received the articles "to be turned in to salvage" on this I. & I. Report.

Salvage Officer.

Par. 6b (6), AR 20-35

I certify that this inventory, consisting of _____ sheets, is correct in every particular; that each article enumerated has been examined by me personally, has never been previously condemned, and is, in my opinion, unserviceable or unsuitable for further public use here, and requires the action of an inspector.

Responsible Officer.

I certify that I have carefully examined the articles enumerated within, and that the disposition recommended is, in my judgment, the best for the public interest.

Inspector.

For action of Department or Corps Area Commander.

Par. 8, AR 20-35

Approved:

By command of

For action of Chief of Supply Branch.

For action of the Secretary of War.

Title..... Signature.....
 Title.....

P-4

Location:

Item description----- Warehouse No-----

Owned by----- Other-----

Unit of Measure-----

Ordered		Acquisitions				Disposals			On hand
Document No.	Quantity	Date	From -	Quantity	Unit value	Date	Explan-ation	Quantity	Quantity
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)

Inventory Record—Other Than Heavy Equipment

FERGUSON-OMAN CO.

[Reverse side of above card is identical with this side.]

REPORT OF PERMANENT INSTALLATION OF EQUIPMENT & MATERIALS

Date-----

Quantity	Description	Manufacturers Name	Serial No.	Area No.	Line No.	Bldg. No.	P. O. No.	Remarks

-----Checker

Signed for Ferguson-Oman

-----Checker

Signed for C. Q. M.

#669 M-F sw

P-5

FERGUSON-OMAN Co.

INVENTORY RECORD OF HEAVY EQUIPMENT AND OFFICE EQUIPMENT

Description of equipment-----

(Include all data necessary for complete identification)

Owned by-----

Ordered		Received		Issued		Total cost	Amortiza-tion	Unamor-tized balance
Date	Requisition No.	Date	From -	Date	To--			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)

[Reverse side of above card is identical with this side.]

[Metal disk with following stamped thereon:]
Ferguson Oman Co. 396

[Metal strip with following stamped thereon:]

USWC—B—3197

LETTERS No. 84-A

[In rebuttal of the affidavit of Joseph T. McCarran the following exhibits were submitted by T. D. Thomas as being self-explanatory]

[Copy]

FEBRUARY 28, 1941.

Captain J. HORRIDGE,
Constructing Quartermaster,
Wolf Creek Ordnance Plant,
Milan, Tennessee.

DEAR SIR: I, Joseph T. McCarran, Chief Time Inspector, hereby tender my resignation to be effective at the earliest date that I may be released without disadvantage to the Government.

The reason being that I am returning to private enterprise.

JOSEPH T. McCARRAN.

[Copy]

WOLF CREEK ORDNANCE PLANT,
OFFICE OF THE FIELD AUDITOR,
Milan, Tennessee, May 15, 1941.

Inter-Office Memo

From: T. D. Thomas, Field Auditor.

To: Major Paul M. Brewer, Constructing Quartermaster.

Subject: Contractor's Personnel.

1. It is recommended that the Ferguson-Oman Company arrange to dispense with the services of the following named employees, whose salaries are reimbursable from Government Funds:

- a. Joseph T. McCarran, Chief Property Officer, \$100.00 per week, Badge No. 91112, under supervision of W. A. Walsh, Accounting Department.
- b. Russell T. Hanglin, General Foreman, \$75.00 per week, Badge No. 90403, under supervision of Joseph T. McCarran, Chief Property Officer.

2. Mr. McCarran first arrived at Wolf Creek Ordnance Plant on February 1, 1941 in the capacity of Chief Time Inspector, for the Government, salary \$3,500.00 per annum on a Washington appointment.

3. The usual salary at the time Mr. McCarran entered upon the duties of that assignment was not to exceed \$3,200.00 per annum.

4. The methods by which this deviation was obtained are not known to me. However, I am impressed with the belief that it could not have been upon the basis of his qualifications; according to my information, his most qualifying previous employment was in the capacity of Time Keeper in W. P. A. in which event he may have been keeping time on thousands of men at an impressive salary all of which would mean but little insofar as it concerned his ability to cover the full scope of his complex obligations to the Government in the capacity of Chief Time Inspector at this Plant.

5. Mr. McCarran resigned his position with the Government, effective as at the close of business on March 14, 1941, to accept a position with the Constructing Contractor at a salary of \$100.00 per week, representing an increase in salary in the amount of \$1,700.00 per year.

6. The Government bore the expense of negotiating his employment and his traveling and had the questionable benefit of his services for a period of forty-two days.

7. Subsequent to Mr. McCarran's separation from the Government and after the arrival of his successor, there have developed some circumstances which have led me to think that Mr. McCarran may have become confused as to just where his loyalty belonged, even when he was on the Government payroll; since his employment by the Contractors, there has been no doubt about that matter.

8. Mr. McCarran, due to accrued Annual Leave, was carried upon the Government payroll through April 21, 1941. The deduction, of course, is that Mr.

McCarran received double pay from March 15, 1941 to April 22, 1941. But that is not all; since Mr. McCarran's salary from the Contractor is reimbursable by the Government, it would appear reasonable to conclude that, for the period March 15, 1941 to April 22, 1941, Mr. McCarran was paid two salaries by the Government.

9. It may not be unreasonable to assume that Mr. McCarran's main interests have not always been exactly parallel with those of the Government. Six weeks is not excessive in time to negotiate a \$5,200.00 job, and it was just that long from the time that he arrived in Wolf Creek, at Government expense, until he consummated his association with the Ferguson-Oman Company.

10. Mr. McCarran was instrumental in bringing from Cleveland the following named co-workers, so I have been informed:

Russell J. Hanglin, Badge No. 90403, salary \$75.00 per week.

Cecil V. Tebbutt, Badge No. 90061, salary 75.00 per week.

Howard E. Rafferty, Badge No. 90628, salary 45.00 per week.

Edward F. Lang, Badge No. 91546, salary 50.00 per week.

The value of the services actually performed by these men is considered to be greatly out of proportion to the salaries paid, which are reimbursable from Government Funds.

11. I have been reliably informed that, during Mr. McCarran's residence in Greenfield, the police, on more than one occasion, were called upon to quiet disturbances in his house. I am of the opinion that the reputation which he established in and around Greenfield has done everything other than influence a favorable impression as to the characters and conduct of Government Workers.

12. Mr. McCarran has on one occasion, at least, refused to produce his records for inspection by representatives of the Field Auditor. His remark at the time was to the effect that his records were not open to the public. His attitude, from the date of his employment with Ferguson-Oman Company, has lacked in cooperation and upon occasions, has reached the point of interference and antagonism.

13. The physical condition of Government properties under his control is decidedly unsatisfactory, and the state of his records is such as to justify much unfavorable criticism.

14. Mr. McCarran's influence upon others is such as to create an atmosphere of disregard for the rights of the Government; and, if it hasn't already done so, the effect could reach into the ranks of Government employees.

15. The removal of Mr. McCarran should be a direct benefit to the interests of the Government by bringing about better protection of Government property, the maintenance of improved records and more equitable evaluations and rentals.

16. The removal of Mr. McCarran should be an indirect benefit to the interests of the Government by resulting in an immediate improvement in morals with the resultant improvement in efficiency.

17. Mr. Hanglin is Mr. McCarran's understudy; and, therefore, he is Mr. McCarran's "yes-man," his collaborator, his supporter with the same mental reactions, and hence chargeable, in a greater or less degree, with the same intentions and acts as is Mr. McCarran. The removal of Mr. McCarran and the retention of Mr. Hanglin would accomplish nothing.

18. Should factual evidence be desired, it is recommended that all files and records in the office of the Contractor's Property and Purchasing Departments be sealed without warning and possessed in Government custody pending a thorough investigation.

19. It is respectfully requested that this matter receive immediate action.

T. D. THOMAS, *Field Auditor.*

WOLF CREEK ORDNANCE PLANT,
OFFICE OF THE FIELD AUDITOR,
Milan, Tennessee, June 16, 1941.

Subject: Contractors' Personnel.

To: Major Paul M. Brewer, Constructing Quartermaster.

1. Reference is made to a communication directed to your office treating with the above-named subject under date of May 15, 1941.

2. It is noted with much concern that no action has resulted in connection with this matter as at this date. The Field Auditor, upon making inquiry a few days ago, was advised in your office to the effect that there were extenuating circumstances in connection with Mr. McCarran. This explanation is not very en-

lightening in view of the fact that many of the instances cited in the letter of May 15th have recurred since that date. It is believed to be necessary, in the interest of the Government, to again invite your attention to the matter.

3. Reference is made, especially, to paragraph 18 in the above-mentioned letter, and your attention is invited to the fact that a decided advantage to the Government has probably been lost if the individuals of whom complaint has been made have received advance warning which enabled them to remove from their files damaging evidence. Our observances are to the effect that such advance information has been conveyed to those involved. In view of the fact that it seems to be improbable that any action is to be attained here, it is requested that the matter be referred to Washington, and for that purpose, there is transmitted herewith a copy of the original letter directed to your office under date of May 15, 1941.

4. If we are unable to cure conditions of this nature, there is no assignment here for the Office of the Field Auditor; the cause is lost and may as well be abandoned.

T. D. THOMAS,
Field Auditor.

AFFIDAVIT No. 85

[In connection with this affidavit see Affidavit No. 85-A on p. 3594]

STATE OF TENNESSEE,
County of Carroll.

Personally appeared before me, the undersigned Notary Public in and for Said State and County, Arthur J. Kirby, who being duly sworn, deposes and says:

My name is Arthur J. Kirby. I am Assistant Superintendent of Welding by the Ferguson-Oman Company on the Wolf Creek Ordnance Plant and the Milan Ordnance Depot projects. I am assistant to Mr. Greig Oman, and the question of whether or not a job can be welded is left entirely up to me so far as the Ferguson-Oman Company is concerned. I have had nineteen years experience in welding steel for all types of heavy equipment and different alloys of steel. I have been employed by the Ferguson-Oman Company in this capacity since March 1941.

Mr. Clifford Jessup was employed by the CQM's office to inspect and O.K. parts used on the heavy equipment which was operated by the Ferguson-Oman Company. As I understand it, Mr. Jessup's duties included approving all of the repair jobs which were brought to me.

I understand that Mr. A. W. Bouch, who was Mr. Jessup's superior, testified at the hearing in Memphis Tennessee on November 18, 1941, that my department wanted to install new parts on every occasion when a repair job was brought to our garage, regardless of whether the equipment could have been welded or not, and that Mr. Bouch also testified that Mr. Jessup had to educate both me and my employees to do welding jobs.

All of my welders have had several years experience in welding, and I am proud to say that in my judgment that they are as well qualified for their jobs as anyone in the country. Mr. Jessup, in his capacity as inspector for the CQM, tried on several occasions to get me to instruct my employees to do certain welding jobs which I knew of my own knowledge could not be done at all, in some instances, and in other instances it would have cost more than new parts would have cost.

One instance of this is in the case of grader blades. Mr. Jessup wanted us to reface old and worn grader blades when I have found from much experience that this is not satisfactory even though it cost about three times as much money to reface them as new blades cost. Another instance is in the case where he wanted us to weld hollow shafts such as axles, etc. As any experienced welder will know, this cannot be done satisfactorily regardless of the cost.

Mr. Jessup did not have to educate us as to any type of welding; the fact of the matter is that Mr. Jessup would ask us many times whether or not a certain job could be welded, explaining that he had never seen it done. In a lot of these instances, we did the welding and it was satisfactory. In all instances, we would weld the material if it could be done satisfactorily instead of buying new parts.

I remember one specific instance where Mr. Jessup told us that we could not rebuild Allis Chalmers bottom roller for tractors, and he told us that we would have to buy new rollers, and as a result new rollers were bought for this particular tractor. I knew from past experience that these rollers could be welded as I had done so many times. After the old rollers for the above mentioned tractor were discarded and the new ones installed on the tractor, I welded the old rollers and

put them in stock and they were later used on another tractor and proved to be entirely satisfactory. After that, Mr. Jessup conceded that the rollers could be welded and we have been welding them continually since that time.

Mr. Fred Stanfield who worked under Mr. Bouck as I understand it, out of the CQM office, and who was one of Mr. Jessup's superiors, came to me at one time and told me that he had had no experience in welding and that he would like for me to teach him to weld after his usual working hours. He told me that his superior had advised him that it would be satisfactory for him to learn welding provided it was done on Government equipment and there would be no cost to Mr. Stanfield. I told Mr. Stanfield that I would teach him to weld if he would get me written instructions to that effect from the CQM, but the instructions were never received by me and I did not teach him to do any welding.

When Mr. Jessup was first put in charge of inspecting heavy equipment, I do not feel that he was qualified to perform his duties as it was very evident that he had had no experience in welding heavy steel equipment and the different alloys of steel as it requires a number of years experience to learn the welding trade of heavy equipment.

I feel that this job has been done as good and as economically as possible consistent with the time allotted for the construction of the projects. I also feel that the efficiency of our welding department has been one of the controlling factors in this job being constructed on schedule.

ARTHUR J. KIRBY.

Subscribed and sworn to before me this 22d day of November 1941.

[SEAL]

WINFRED H. LANCASTER, *Notary Public*.

Registered as a Notary Public in Henderson, Carroll, and Gibson Counties, Tenn., as provided by Chap. 193, Public Acts of Tennessee 1935.

My Commission Expires July 10th, 1945.

AFFIDAVIT No. 85-A

I, Anthony W. Bouck, having been sworn previously in this proceeding make the following statement in further support of my testimony to H. G. Robinson knowing him to be an investigator of the Special Senate Committee Investigating the National Defense Program.

Arthur J. Kirby's affidavit is prime evidence that he has not been properly acquainted with the basic testimony. Basic testimony was "—I believe the contractor finally took it upon themselves and did so much welding that the zone complimented them in that particular instance." Evidently Mr. Kirby has been led to believe that in substance testimony was directly opposite in meaning.

As Chief Tool and Equipment Inspector I have found Mr. Kirby to be a master workman, cooperative, and possessed of the ability to distinguish between right and wrong during the normal course of business.

References to Mr. Stanfield and to Mr. Jessup are overlooked inasmuch as I believe that words have been put into the mouth of an excellent workman, substantial evidence of Mr. Jessup's and Mr. Stanfield's qualifications appearing elsewhere.

(Signed) ANTHONY W. BOUCK.

Sworn to and subscribed to before me at Jackson Tenn. Dec. 11, 1941.

H. G. ROBINSON,
*Investigator, Special Senate Committee Investigating
the National Defense Program, U. S. Senate.*

AFFIDAVIT No. 86

[In connection with this affidavit see Affidavit No. 86-A on p. 3595]

STATE OF TENNESSEE,

County of Carroll:

Personally appeared before me, the undersigned authority, George Greig Oman, who, being duly sworn, deposes as follows:

My name is George Greig Oman, and I am employed as Division Superintendent in charge of the Mechanical Division for the Ferguson-Oman Company on the Wolf Creek Ordnance Plant.

My attention has been called to a portion of the report of Mr. Jessup read by Mr. Fulton when Mr. Bouck was testifying at the Senate Investigating Committee hearing at Memphis. Said portion of the report is as follows:

"They were trying to put in a new cylinder block worth \$155.00, when the old part could be and was welded for \$20.00".

The facts in reference to this cylinder block are as follows:

This block was welded. However, the question at the time was not whether the block was to be welded or a new block purchased, but whether the owner who had leased the equipment would accept the equipment back if the Government did not recapture it, and if the equipment had a welded block when returned to him, when it had been leased with a perfectly sound block.

With reference to Bouck's testimony that I ordered all the welding done, even though it wasn't as good as the new parts, because steel was going to be hard to get; welding in most cases was much higher than purchasing the new part, due to the high labor costs, it was necessary to pay. Speed required that equipment be placed in condition to last as long as possible before being returned to the shop. Welding was and is practiced to the greatest extent in our repair operations, and with reference to Mr. Bouck or Mr. Jessup having intimated or stated that they had educated us along this line, I have a most competent welding superintendent and the best equipment, and this process has always been used as fully as possible. Some of the suggestions made by the inspectors were so far-fetched with reference to welding that it showed that they were not familiar with this operation.

GREIG OMAN.

Sworn to and subscribed before me this 24 day of November, 1941.

[SEAL]

WINFRED H. LANCASTER, *Notary Public.*

Registered as a Notary Public in Henderson, Carroll, and Gibson Counties, Tenn., as provided by Chap. 193, Public Acts of Tennessee 1935.

My Commission Expires July 10th, 1945.

AFFIDAVIT No. 86-A

I, Anthony W. Bouck, having been sworn previously in this proceeding make the following statement in further support of my testimony to H. G. Robinson knowing him to be an investigator of the Special Senate Committee Investigating the National Defense Program.

George Greig Oman in his affidavit explaining why a cylinder block was welded for \$20.00 instead of a new block having been purchased for \$155.00 clarifies his position in attempting to spend nearly eight times the money necessary to perform a repair job in a normal manner.

The records reflect that this particular unit, a La Plant Choat Wagon #1105 (see Exhibit "F" attached) was owned by an organization operating as Walters and Prater. It is also a matter of record that Mr. Lipscomb, Supt. of Railroad Construction for the Ferguson-Oman Company was employed, immediately preceding his connection with the Ferguson-Oman Company by Walters and Prater. Also the Taylor-Hale Machinery Company locally represented by a Mr. Pace sold repair and replacement parts for the La Plant Choat Wagon #1105.

It seems not in the least illogical to assume that Mr. Oman was attempting to assist both Mr. Lipscomb and Mr. Pace at excessive cost to the United States Government when the following facts are now self evident: Mr. Lipscomb is currently identified in an executive capacity with Walters and Prater who are the prime contractors now building the Memphis Quartermaster Depot. Mr. Pace is now in the employ of the Ferguson-Oman Company.

(Signed) ANTHONY W. BOUCK.

Sworn to and subscribed to before me at Jackson, Tennessee, Dec. 10, 1941.

H. G. ROBINSON,
*Investigator, Special Senate Committee Investigating
the National Defense Program, U. S. Senate.*

[Exhibit F attached to Affidavit No. 86-A]

3/29/41.

REPORT

To: Mr. A. W. Bouck.

From: C. J. Jessup.

Mr. Wright and myself were called to the field to inspect and make parts order for #1105 La Plant Choat Wagon.

Part order was written up and included a new Hyd. Cyl. At this time I asked Mr. Wright to have Cyl. welded but was told the weld would not hold. Old parts were returned to the repair shop and again remarks such as, you can't weld that Cyl, It won't hold, A weld won't hold, Might as well get a new Cyl. were made by Mr. Wright, Mr. Oman & Mr. Pace.

I talked with Mr. Kirby, supt. of welding Dept. and he said *he* could weld the Cyl. and that it would hold, but please not quote him. If I wanted Cyl. welded just *tell* him, Mr. Kirby, to weld it and he would.

A new Cyl. cost \$155.00 but the old part was repaired at a cost of \$20.00.

Other parts ordered from Taylor-Hale Co. 3/28/41—Con. P. Order #1522.

AFFIDAVIT No. 87

[In connection with this affidavit see Affidavit No. 87-A on p. 3597]

STATE OF TENNESSEE,

County of Carroll.

Personally appeared before me, the undersigned authority, George Greig Oman, who being duly sworn, deposes as follows:

My name is George Greig Oman. I am not an officer of nor do I have any interest in the Ferguson-Oman Company or the Oman Construction Company. I have been in the construction business for seventeen years, and during that time I have worked for Dupont Engineering Company, for eight years with Oman Construction Company, leaving them in October 1934, with a leave of absence, at which time I was superintendent. I left them and went with the Department of Interior as construction foreman on a large concrete dam. Subsequently, I have worked in various capacities with the Department of Interior, including assistant equipment engineer, project superintendent, and acting project manager, and left them February 24, 1941, on leave of absence which will be in effect until the completion of the Wolf Creek Ordnance Plant, which was granted by the Secretary of the Interior on recommendation of the Construction Quartermaster.

On February 24, 1941, I came to work for the Ferguson-Oman Company on the Wolf Creek Ordnance Plant project as division superintendent in charge of mechanical division, which job I have held continuously since that time. Among other things I have charge of the repair of all heavy equipment with the exception of electrical generators, etc.,

I was present at the Senate hearing in Memphis, Tennessee on November 17, and 18th, 1941, at which time I testified briefly. I was not asked any questions with reference to any matters testified to by Mr. Bouck.

I noticed particularly certain testimony of Mr. Bouck, among other things that the Ferguson-Oman Company tried to hire his men away from him, and the statement that Mr. Stanfield was told "show me your government check and I will double it if you will go to work for us". I wish to state that Mr. Stanfield was a civilian employee, working out of the construction quartermaster's office and not only once, but on many occasions did Mr. Stanfield approach me and ask me if I would give him a job as a mechanic in the shop. He stated he didn't like his job as inspector and didn't think he was making enough money. On each occasion I would tell him that I had nothing to do with the hiring, but that if he was sent over for an examination by the Union and the Personnel office and passed the examination that, of course, he would be in line for a job. I never at any time encouraged Stanfield with reference to his getting a job, and I know that he spoke to several of my employees about it. As a matter of fact, I felt that Mr. Stanfield was not qualified to hold a mechanic's job and did not believe that he would ever pass a test as a mechanic.

GREIG OMAN.

Sworn to and subscribed before me this 24 day of November, 1941.

[SEAL]

WINFRED H. LANCASTER,
Notary Public.

Registered as a Notary Public in Henderson, Carroll, and Gibson Counties, Tenn., as provided by Chap. 193, Public Acts of Tennessee 1935.

My Commission Expires July 10th, 1945.

AFFIDAVIT No. 87-A

I, Anthony W. Bouck, having been sworn previously in this proceeding make the following statement in further support of my testimony to H. G. Robinson knowing him to be an investigator of the Special Senate Committee Investigating the National Defense Program.

Reference is made to a sworn statement by Greig Oman in which he takes upon himself the burden of denying that he attempted to hire for the Ferguson-Oman Company certain personnel in the employ of the Tool and Equipment Section of the United States Government.

At no time did I ever know who in the Ferguson-Oman Company offered to "double Mr. Stanfiel's salary" further no individual was mentioned by name in the basic testimony hereto.

Inasmuch as Mr. Oman has felt it incumbent upon himself to attempt the refutation of non existent testimony concerning himself by sworn affidavit, such action contains substantial elements of the identification of himself as the Ferguson-Oman individual who made Mr. Stanfiel the offer of increased salary.

Mr. Stanfiel (and I assume that Mr. Oman refers to Mr. Stanfiel when he subscribes to the name of Stanfield) was extremely active in assuring himself that the United States Government was getting as square a deal as was possible within his province as Senior Field Inspector of Equipment. Mr. Stanfiel's application states, and my personal knowledge of his qualifications admits to the fact that he has been actively connected with some form of mechanical endeavor for the past fifteen years. Further, on a construction job immediately preceding his employment by the United States Government at the Wolf Creek Ordnance Plant his job classification was "Master Mechanic of Complex Machinery".

By reason of Mr. Stanfiel's experience and knowledge, and because of his active application of his specialized qualifications in attempting to prevent irregularities existing in Mr. Oman's mechanical division it would not surprise me if Mr. Oman was considering a situation in which Mr. Stanfiel was not in the employ of the United States Government.

(Signed) ANTHONY W. BOUCK.

Sworn to and subscribed before me at Jackson, Tennessee, Dec. 11, 1941.

H. G. ROBINSON,
*Investigator, Special Senate Committee Investigating the National
Defense Program, U. S. Senate.*

AFFIDAVIT No. 88

[In connection with this affidavit see Affidavit No. 88-A on p. 3598]

STATE OF TENNESSEE,
County of Carroll.

Personally appeared before me, the undersigned authority, Wallace H. Faulk, who being duly sworn, deposed as follows:

My name is Wallace H. Faulk and I am employed by the Ferguson-Oman Company as General Superintendent Utilities Construction on the Wolf Creek Ordnance Plant and the Milan Ordnance Depot.

On November 18, 1941, during the testimony of Mr. Bouck before the Senate Investigating Committee, Mr. Fulton stated "Here are two rooter plows ordered transferred, after the contractor had advised that they could be spared. Approximately two weeks later they were shipped but without consulting your department, they were stopped en route and returned, meaning one month's rental without any use".

To this testimony Mr. Bouck agreed, the testimony being to the effect that these rooter plows were ordered returned without Mr. Bouck's department ever knowing about such an order. Mr. Bouck was a subordinate in the constructing quartermaster's office and not only did the constructing quartermaster's office have knowledge of the order to return the two rooter plows, but the order was received from Mr. Gilbert Olsen of the constructing quartermaster's office. Mr. Bouck's testimony in this regard, therefore, is not correct.

The fact is that these plows were ordered released and shipped to the Anniston Ordnance Works, Bynum, Alabama.

On June 3, 1941, this equipment was shipped by Illinois Central car 61153. Shortly thereafter orders were received from Mr. Gilbert Olsen of the constructing quartermaster's office, who was the coordinator of the constructing quartermaster, to return these items to the Wolf Creek Ordnance Plant, as they were needed on the work here. The necessary steps were taken and the equipment was intercepted before it was unloaded, and returned to the Wolf Creek Ordnance Plant.

WALLACE H. FAULK.

Sworn to and subscribed before me this 25th day of November 1941.

[SEAL]

WINFRED H. LANCASTER, *Notary Public*.

Registered as a Notary Public in Henderson, Carroll, and Gibson Counties, Tenn., as provided by Chap. 193, Public Acts of Tennessee 1935.

My Commission Expires July 10th, 1945.

AFFIDAVIT No. 88-A

I, Anthony W. Bouck, having been sworn previously in this proceeding make the following statement in further support of my testimony to H. G. Robinson knowing him to be an investigator of the Special Senate Committee Investigating the National Defense Program.

Mr. Faulk's logic as to correctness of basic testimony in connection with the disposition of two rooter plows does not enter into the realm of sound reasoning.

The Chief of the Tool and Equipment Section of the United States Government is responsible for the certification of rentals on constructing equipment. When the order to ship the units was consummated, rental was stopped and all accounting records were marked TRANSFERRED. When the Ferguson-Oman Company presented for certification a rental roll listing an entire month's rental on the two plows such roll of course could not reconcile with the records.

It is further interesting to note that while Mr. Faulk states that the plows were needed for work at the Wolf Creek Ordnance Plant the records reflect that neither unit was used one hour during June 1941, the period under discussion.

Worthy of note also is the fact that Gilbert Olson was in the pay of the contractor, Ferguson-Oman and perhaps both he and Mr. Faulk believed that a matter of two or three hundred dollars should be of no interest to the Chief Tool and Equipment Inspector of the United States Government.

(Signed) ANTHONY W. BOUCK.

Sworn to and subscribed to before me at Jackson Tenn. Dec. 11, 1941

H. G. ROBINSON,

*Investigator, Special Senate Committee
Investigating the National Defense Program, U. S. Senate.*

AFFIDAVIT No. 89

[In connection with this affidavit see Affidavit No. 89-A on p. 3600]

STATE OF TENNESSEE,

County of Carroll.

Personally appeared before me, the undersigned authority, George Greig Oman, who being duly sworn, deposes as follows:

My name is George Greig Oman, and I am employed as Division Superintendent in charge of the Mechanical Division for the Ferguson-Oman Company on the Wolf Creek Ordnance Plant.

My attention has been called to a portion of a report of Mr. Stanfield, which was read while Mr. Bouck was testifying before the Senate Investigating Com-

mittee at the hearing at Memphis, Tennessee. Said portion of this report is as follows:

"I asked Mr. Oman not to put any more new parts on 300 Shovel until the trouble was straight. He said he would do as he damn pleased. He said he was running this part of the job and would not let a lot of squirts tell him what to do. He said that as far as he was concerned all the C. Q. M. was a lot of squirts. I told him that I had told all government inspectors not to O. K. any more parts for the shovel until further notice. Mr. Oman said that all of the government inspectors did not have anything to do with what he spent for parts or labor. He said they did not mean a damn thing to this job. He said to get it to him in writing. At 5 P. M. I returned to the Heavy Equipment barn with a letter from Mr. Bouck to Captain Carlton, approved by Mr. Thomas. The letter was given to Mr. Oman by Mr. Williams. He read it, but crumpled it up and said that these people did not mean a damn thing to him; that he was going to run this job like he pleased, and that he took no orders from the C. Q. M. With that I left. This trouble in regard to the shovel was as follows: this machine was taken out of the field while working, to get a complete overhaul. This will prove that this machine was worn out when it came to the job site. This machine could not have been worn out in the short time that it was here."

The true facts in respect to the 300 Shovel are as follows:

This equipment was not worn out when it came on the job, and was brought in for repairs at the suggestion of Mr. Jessup, one of the inspectors under Mr. Bouck. This machine had been working close to the shop and was brought in on its own power, it being thought best to bring in the machine when close to the shop and operating on its own power, thereby saving the expense of going back and forth to work on the machine, and this was the usual practice on other equipment.

This machine at the time it was brought in had been on the job since February 8, 1941, and had operated 1108½ hours and had moved approximately 94,222 cubic yards of earth, and had worked on the following highways: #104, #23, #21, moving back to #104, #85, Sand Pit #2, #75, #54, and was working on Highway #54 when brought back or into the shop. This is from the records kept by the Divisional Superintendent in charge of construction of roads and all of these roads and work were on the project, and consisted of much travel by the machine.

When this machine was brought in, it was dismantled and the government inspectors were called in to examine the equipment, with a view of ordering the needed new parts. As was not unusual, the inspectors did not promptly reach a decision, but delayed for several days, in the meantime tying up a valuable and much needed piece of equipment, and losing the Government money by delaying its use; finally, the equipment was examined by Mr. Bouch, the chief inspector, Mr. Stirton Oman, and Mr. Faulk, and Mr. Jessup, and we were instructed to order certain parts, and the parts man, Mr. Pace, made up a list of these parts. The parts, pursuant to our instructions, were ordered.

We were then advised that the Thew Shovel Company, manufacturers of the Lorraine Shovel, had a strike among its employees and the parts, therefore, were delayed. I do not know whether these parts could have been obtained had they been promptly ordered, as was necessary and as I requested when the shovel was brought in. Subsequently, part of the parts arrived and our mechanics were put to work assembling the machine. It was then that Mr. Stanfield on the date of his report, without consulting me or giving me any information with reference to the same, ordered my mechanics to stop work on the machine. This, of course, caused confusion which could have been prevented by his going through the proper channels. I found the men not working and was informed that they had been stopped by Mr. Stanfield. After putting the men on other work, I looked for Mr. Stanfield and was unable to find him until the afternoon, at which time I informed him that the parts for the machine had been O. K'd by his superiors, and I asked what would be done with the new parts ordered, and I was informed to ship them back to the factory and that I personally would pay the freight. His attitude was very arrogant, and in the exchange of words I did call him a squirt and told him that I was surprised that the Army would send a man of no more ability to a job like this. I emphatically did not state that all of the Construction Quartermasters were "a lot of squirts". Immediately after Stanfield left I called Mr. Bouck and reported the occasion to him. He told me not to worry about the matter; that Mr. Stanfield was inclined to be smart alecky at times, and to let the new parts come on in and be put in stock for use at a later date on other equipment of this type, and that I would get a letter as to what to do. Later Mr. Stanfield came with Mr. Williams to my office and gave me a copy of a letter addressed to Captain Carlton from Mr. Bouck, which was not addressed to me. That letter and instructions were not received through the proper channels.

Sometime later, after further loss of valuable time with this equipment, I received instructions to make the necessary repairs, using the necessary parts. This was all that I had ever intended and we did use such parts as were available and did welding which was, in our opinion, more costly than new parts and would probably result in further repairs and delay being necessary later on. The reason being that from experience we knew that some parts were not subject to being satisfactorily welded. The machine is still at work and doing a good job on the project to date. Our shop costs records show that the repairs cost \$2,318.09.

GREIG OMAN.

Sworn to and subscribed before me this 24 day of November, 1941.

[SEAL]

WINFRED H. LANCASTER, *Notary Public*.

Registered as a Notary Public in Henderson, Carroll, and Gibson Counties, Tenn.; as provided by Chap. 193, Public Acts of Tennessee 1935.

My Commission Expires July 10th, 1945.

AFFIDAVIT NO. 89-A

I, Anthony W. Bouck, having been sworn previously in this proceeding make the following statement in further support of my testimony to H. G. Robinson knowing him to be an investigator of the Special Senate Committee Investigating the National Defense Program.

In the affidavit sworn to by Greig Oman of the Ferguson-Oman Company Mr. Oman states in the connection of Diesel Lorrain Shovel No. 300 that the equipment was not worn out when it came to the job. It becomes immediately apparent that a state of fraud must then exist for the reason that Ferguson-Oman Company lists this unit as having cost \$10,500.00 new and the current valuation as at February 8, 1941 as \$8500.00 or but \$2000.00 less than a new machine.

Records reflect that this unit worked only from Feb. 8, 1941 to approximately May 15, or slightly over three months. At such time it was brought to the heavy equipment garage for mechanical inspection. During the swing and graveyard shifts immediately succeeding its arrival at the garage the machine was dismantled for complete overhaul.

At this point it should be noted that the average life of a power shovel of this particular type is considered to be in the vicinity of seven years. Thus a machine such as Shovel No. 300 which was valued within \$2000 of its new cost should not be in need of major repairs if it had been accorded average usage.

This office, further, could see no reason for occasioning several thousands of dollars in repairs and labor to equipment that had been on the job but slightly over three months. In addition to this the Government had paid monthly rental at the rate of \$353.33 per month and would continue to pay such rental during the period the unit would undergo repairs. For such reasons recommendation was made to the Constructing Quartermaster that the machine be released to the owner, the Oman-Construction Company (Refer to Exhibit "E").

Stirton Oman, however, upon being verbally informed that the unit was to be released to his company objected verbally to the Construction Quartermaster that such action should be taken. The Constructing Quartermaster, upon review of the facts of the case substantiated the recommendation conditionally as evidenced by Exhibit "D" attached. The unit however was not and has not as at this date been released.

Mr. Oman in his affidavit I believe states that \$2318.09 was spent on repairs to Shovel No. 300. Ferguson-Oman Company records reflect that for the period included in the dates of March 1, 1941 to Sept. 30, 1941 that \$4309.15 was spent on this unit or nearly \$2000 more than Mr. Oman's affidavit subscribes to. Further, Ferguson-Oman records reflect that they have no accounting of repairs from Jan. 20, 1941, the date construction commenced, until March 1, 1941. As Shovel No. 300 was delivered to the project area on Feb. 8, 1941 and no repair records were kept prior to March 1, 1941 it follows that because of the great amount of repairing necessary to keep this unit at work during a period when repair records were actually kept, repairs and labor also must have been occasioned to this unit during that period in which no records were kept in such amount as will probably never be determined.

In summary, such partial records as have been kept by the prime contractor Ferguson-Oman Company show conclusively that Diesel Lorrain Shovel No. 300 has cost the United States Government as at Sept. 30, 1941 a partial cumulative

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total on repairs, replacements, and labor a total of \$4309.15, a sum greater than one half of the valuation established by the Oman Construction Comapny on this unit or an average of over \$700.00 per month for maintenance alone.

(Signed) ANTHONY W. BOUCK.

Sworn to and subscribed to before me at Jackson, Tennessee, Dec. 10, 1941.

H. G. ROBINSON,
*Investigator, Special Senate Committee Investigating the
National Defense Program, U. S. Senate.*

[Exhibit D attached to Affidavit No. 89-A]

MAY 31, 1941.

MEMORANDUM

To: Chief Equipment and Tool Inspector,
Wolf Creek Ordnance Plant,
Milan, Tennessee.

1. These instructions are issued in connection with your report on Diesel Lorrain Shovel, USWC No. 300, Serial No. 4H8095SF.

2. Due to the circumstances surrounding the rental agreement on this shovel and the information contained in your report, you are directed to approve the repair of this shovel in the following manner; place the shovel in workable condition by replacing all of the used parts which are not completely worn out and using such new parts as are absolutely necessary. When this is accomplished you will make an additional report to me with a view to releasing this piece of equipment.

3. You are directed to use every means at your command to check all rented equipment with a view to keeping it in proper repair in order that this project may not be held up due to a lack of machinery or equipment and at the same time protect the Government by refusing to permit unnecessary repairs.

4. The Master Mechanic working for the general contractor has complete charge of his shop tools and personnel, but you, as Chief Equipment and Tool Inspector, are representative of the United States and have full authority to inspect any records, tools, or equipment in connection with the repair shop. You have authority to recommend to the Constructing Quartermaster the removal of any person or persons connected with the equipment and tool repair shop who, in your opinion, are inefficient or are conducting their work in opposition to the benefit of the United States. No repairs will be made to any equipment rented on this project and no supplies will be purchased or ordered for the repair of tools and equipment on this project without first having your approval.

5. You are directed to cooperate with all personnel of the contractor and sub-contractors and they in turn are required to accept your recommendations and directions as representative of the United States.

PAUL M. BREWER,
*Major, Quartermaster Corps,
Constructing Quartermaster.*

[Exhibit E, part 1, attached to Affidavit 89-A]

CONFERENCE IN OFFICE OF FIELD AUDITOR

May 29, 1941 at 2:00 p. m.

Present: Thomas, Stanfiel, Jessup, and Williams.

Purpose: Recitation of Occurrences in the Field.

* * * * *

Stanfiel: Greig Oman said, "I am not going to let a bunch of squirts come out here and tell me what I can do and not. The Government men don't mean a thing to me.

* * * * *

Stanfiel: That tractor (?) should not be overhauled as it was worn out before it got here.

* * * * *

Stanfiel: A shovel that has worked in five states and foot casting was broken . . . machine wasn't in working condition when we got it. No machine will wear out in sixty days.

* * * * *

Stanfiel: Mr. Lipsecomb is key man for Walter Prater, and as soon as this job is over, he is going to go back with Walter Prater.

* * * * *

Stanfiel: I can blame them for putting junk in here and trying to fix it up.

* * * * *

Thomas: Everybody should be doing their part instead of milking the Government.

* * * * *

Jessup: The machine would be in a better condition when they got it back without a complete overhauling.

* * * * *

Jessup: If they are going to bring in each piece of machinery, and completely overhaul it, I am not needed down there.

* * * * *

Thomas: We are putting Greig Oman in business with new equipment instead of worn-out equipment junk.

* * * * *

Jessup: As time goes on they will need a little more and as time goes on they need this and that. Truthfully speaking, that other bushing would last for years.

* * * * *

Thomas: This situation here almost approaches the state of fraud.

Stanfiel: It is.

* * * * *

Jessup: Parts are laying all over the ——— and when I suggest going ahead ——— and do this, they want everything new instead of repairing them.

* * * * *

Jessup: If it was good enough for Mr. Oman five years ago, it certainly ought to be good enough today.

—————

AFFIDAVIT No. 90

[In connection with this affidavit see Affidavit No. 90-A on p. 3603]

STATE OF TENNESSEE,
County of Carroll.

Personally appeared before me Mr. A. K. Ferguson, who being duly sworn deposed as follows:

My name is A. K. Ferguson and I live at Jackson, Tennessee. I am employed by the Ferguson-Oman Company as Liaison Officer between the Contractor and the Constructing Quartermaster's office.

On November 18, 1941, Mr. Bouek testified before the Senate Investigating Committee in Memphis, Tennessee that a station wagon on rental was found at Jackson, Tennessee which had been there about a week. This station wagon had not been in Jackson a week but had been there three days because of the following circumstances.

This piece of equipment #2070 was a pick-up truck assigned to John P. Nahas of our Expediting Department. At the time of the incident Mr. Nahas worked late one night and was instructed at his home to leave on an expediting trip to secure certain items of structural steel needed for the progress of the work. A car was dispatched from the job to take him to Memphis so that he could catch a plane the same night. In the emergency he failed to deliver the pick-up assigned to him from his home to the motor pool on the job. This was allowed to remain at his residence for a period not exceeding three days instead of the week as charged by Mr. Bouek. It was then picked up at his home and returned to service on the job.

A. K. FERGUSON.

Sworn to and subscribed before me this 25 day of November 1941.

[SEAL]

WINFRED H. LANCASTER, *Notary Public*.

Registered as a Notary Public in Henderson, Carroll, and Gibson Counties, Tenn., as provided by Chap. 193, Public Acts of Tennessee 1935.

My Commission Expires July 10th, 1945.

AFFIDAVIT No. 90-A

I, Anthony W. Bouck, having been sworn previously in this proceeding make the following statement in further support of my testimony to H. G. Robinson knowing him to be an investigator of the Special Senate Committee Investigating the National Defense Program.

Mr. Ferguson's statement admits to the fact that a unit was missing from the job site three days, and thus costing the Government rental for such days for which there was no productive use. Because there was no control on the daily usage of cars, station wagons and pick-ups and by reason of the fact that there were several hundred such units in use on the project it may be assumed that this instance was magnified many times at government expense.

(Signed) ANTHONY W. BOUCK.

Sworn to and subscribed to before me at Jackson Tenn., Dec. 11, 1941

H. G. ROBINSON,
*Investigator, Special Senate Committee Investigating
the National Defense Program. U. S. Senate.*

AFFIDAVIT No. 91

[In connection with this affidavit see Affidavit No. 91-A on p. 3609]

STATE OF TENNESSEE,

County of Carroll.

Personally appeared before me, a Notary Public, in and for said State and County, Henry M. Hale, who being duly sworn, deposed as follows:

My name is Henry M. Hale, I am forty three (43) years old; I live at Memphis, Tennessee; I am a partner in the Taylor-Hale Machinery Co. of Memphis, Tennessee.

Our company handles what is known as heavy equipment and we represent several manufacturers exclusively as distributors, on sales and mechanical and parts service, among which are Athey Truss Wheel Co., Caterpillar Tractor Co., R. G. LeTourneau, Inc., LaPlant-Choate Manufacturing Company, Thew Shovel Company and Willamette-Hyster Company.

About the time the Ferguson-Oman Company started on the Wolf Creek Ordnance construction job we knew that they were going to necessarily have to have a lot of heavy equipment and from experience with other large construction jobs we knew the importance of being able to make prompt delivery on parts. We went to Mr. Stirton Oman and told him that we were going to bid on heavy equipment needed on this job which we could furnish, and that we wanted to be in a position to service any equipment which we represented that might be delivered to the job either by ourselves or others. In this connection we intended to locate a parts warehouse outside the reservation but convenient to the project. We stated our intentions regarding the establishment of this parts warehouse before we were awarded any contract for equipment. We located a point where we thought we should have this warehouse and we constructed the warehouse entirely at our own expense. We put in a stock of what we thought would be the proper parts that would be needed. Our parts inventory has ranged from \$15,000 to \$30,000, and the unpaid balance on parts purchased by this project has been substantial so that when these two items are added together our investment was a heavy one.

Every piece of equipment that we have delivered to Ferguson-Oman Company was on a rental contract basis, with a recapture clause, with the exception of one (1) drill press for use in their shop. That was an outright sale. Ferguson-Oman Company had need for a heavy duty drill press and we had two in our shop, one of which we sold to them at a very low figure at a time when equipment of this type was extremely difficult to obtain.

The recapture price which we placed on all of this equipment was the price at which we would sell the same equipment to any other user.

Taylor-Hale Machinery Co. received a letter dated October 3, 1941, from Mr. Hugh A. Fulton, Chief Counsel of the special committee investigating the National Defense Program, asking for certain information relative to Taylor-Hale Machinery Co.'s transactions with the Ferguson-Oman Company at Milan, Tennessee. Photostatic copy of this letter is attached hereto marked Exhibit #1.

In answer to this letter under date of October 10, 1941, we wrote to Mr. Hugh A. Fulton, Chief Counsel, as per photostatic copy of letter attached hereto, marked Exhibit #2. There was attached to our letter of October 10, 1941, a summary of all transactions covering the equipment furnished Ferguson-Oman Company in accordance with Mr. Fulton's request, as of August 31, 1941.

We understand that Mr. Fulton, during a Mr. McCarthy's testimony, stated at the Senate Hearing in Memphis on November 18, 1941, that through August 31, 1941, we had rented equipment which we valued for recapture purposes at \$704,634., which had cost us as distributors, \$565,000. The figures which were sent to Mr. Fulton with our letter of October 10, 1941, showed the value of equipment at recapture price of \$714,634., and the cost to us from our sources of supply of \$567,569.19.

We had no idea as to how much of this equipment if any the Government would recapture and naturally in arriving at the recapture value we put its valuation at what we could have sold the equipment to any other party to whom we might make a sale. We extended ourselves quite heavily, financially, in renting this equipment under this arrangement as we stood the chance of the Government not recapturing any part of the equipment and leaving us with a lot of second-hand equipment at any time they might decide to terminate its use. The contract under which this equipment was rented allowed the Government to terminate the lease at its will and guaranteed no period of time for the rental of any particular piece of equipment.

The inference from Mr. Fulton's questioning of Mr. McCarthy is that we added an excessive item of \$130,000. to our costs in setting the recapture figures. This is not true. The recapture valuation is the valuation at which we could have sold this equipment to any other party. The difference between the cost to us and our sales price is the gross profit which any merchant must have to operate his business on, and good management should permit him to end up with a net profit, but any laxity would soon put him out of business. No merchant can sell goods at cost and remain in business.

Reference is made to the fact, by Mr. Fulton at the hearing on November 18, 1941, that out of \$567,000. cost we had liens totaling \$530,000. and, therefore, our equity was only \$37,000. The equipment was delivered on the job over a period of time and just what the high point of our liens might have been we do not know but we do know that because of the transaction covering several months that we did not have \$530,000. in liens at any one time. Our business, like any other business, or the operation of the Federal Government itself, exists by borrowing from some source when funds are needed. Every successful business has a well established line of credit. It should be self-evident to anyone that the sums involved would indicate that no bank would have advanced the amount of money to us that they did if they had not been satisfied as to the ability of our Company to liquidate the liability incurred, covering not only this business but our other business as well. Our ability to finance this volume of business should, in our opinion, reflect credit to our company rather than discredit. We did not have to resort to factory and finance company financing.

In connection with liens on equipment on the Wolf Creek job, we entered into an arrangement with the Ferguson-Oman Company to pay all rentals on such equipment to our bank to reduce the amount borrowed. There was one exception to this and that was in the case of the used Northwest Drag Line U. S. 514, for which we were acting as rental agents for Walter H. Dennison & Son, Batesville, Arkansas, owner of same. The rentals on this one piece of equipment were paid to the Northwest Engineering Company who held the lien on it. Further rental payments on equipment not covered by lien have been forwarded to the bank to reduce our indebtedness and we will not realize any profit on this equipment until the bank borrowings are fully retired.

We understand Mr. Fulton, at the hearing on November 18, 1941, stated that we received rentals through August 31, 1941, of \$360,781. or about seventy percent (70%) of the cost to us of the equipment. The figures sent to Mr. Fulton were correct. Our tabulation of the rentals we received from the equipment as of August 31, 1941, shows \$363,781.24. This was in accord with the

rental contract with recapture clause which we had with Ferguson-Oman Company. In the event that the Government did not recapture any of this equipment that is all we would have received for its use at that time. We would have been left with used equipment to sell if the contract had been terminated at that time. In the event the Government did recapture any specific piece of equipment then we would get the recapture value on the same less any rental that we had received on that specific piece of equipment, plus one per cent (1%) per month of the recapture valuation for each month or a fraction thereof in accordance with the terms of the rental contract.

As a matter of fact, we would prefer, under present market conditions, to have the Government refuse to recapture any of the equipment that we have rented to Ferguson-Oman Company and terminate our rental contract, returning the equipment to us. The reason for this statement is that owing to market conditions this equipment is hard to get, prices have advanced, and we believe we could recondition it and in all probability realize more profit than will accrue with its recapture.

In our letter of October 10, 1941, to Mr. Fulton, we set out the parts purchased from us by the Ferguson-Oman Company for the Wolf Creek Ordnance job through September of 1941, which totaled \$80,950.83. These parts were sold at the prices listed in the Treasury Procurement Schedule, with the exception of a very small amount of parts of the Thew Shovel Company and the Athey Truss Wheel Company, which companies do not have Treasury Procurement Schedules. The parts from these two companies were sold at manufacturers' list prices in accordance with their instructions. The repair parts of other companies on which we had T. P. S. prices were sold F. O. B. our warehouse at Graball and this saved the Government transportation expense from Memphis or any other point from which the shipment might originate. T. P. S. contracts specify purchase from nearest point at scheduled prices. By having the warehouse at Graball adjacent to the job site with 24 hour service, Ferguson-Oman Company and the Government were able to save several thousands of dollars in freight, express, telephone, telegraph and other expense to say nothing of time, which expense otherwise would have been incurred.

In our letter of October 10, 1941, to Mr. Hugh A. Fulton, we pointed out that the increased amount of parts sales in September was due to the Atlanta Zone office of the Quartermaster Corps instructing the Constructing Quartermaster to place an order through the Contractor for a stock of parts to be moved on to the reservation. This amounted to \$19,066.09. At this point we would like to bring out the fact that the Atlanta Zone office had advance information which we did not have that there was going to be a price increase in parts. When the order was prepared they came to us and pointed out that by the time they could get the order into our hands the increase in price would in all probability be in effect. We were furnished at that time with a complete list of the parts that would be requisitioned and agreed and did sell them under the old T. P. S. price basis although the actual order was placed after the increase in prices went into effect. The saving was probably between 10 to 15 per cent of this order.

The purpose of establishing the Graball, or any other service warehouse near a job, insofar as we are concerned, is to enable us to give immediate service on parts to any of the equipment on which our parts may be needed when the equipment breaks down. It was incidental that we were able to save the Government quite considerable on freight, telephone calls, travel time, etc. The important thing was to eliminate lost time when equipment would not have been working by getting it back in operation by having parts available near by when needed.

Experience has shown that when contractors or the Government undertake to set up part stocks on their own projects, they invariably find themselves carrying a heavy investment in the part stocks, which accumulates slow moving, non-current, obsolete, and non-returnable parts. This does not occur with the distributors' organization, who are forced to pay attention to inventory turnover, which is part of their business. It should be kept in mind that this warehouse is definitely set up off of the reservation so that slow moving parts could be taken away from it and needed items substituted. Our inventory in this part stock has ranged from \$15,000 to \$30,000.

When we set up this warehouse in the latter part of February, or early March, we brought Mr. H. H. Blythe down from Milwaukee, Wisconsin, and placed him in charge. Our purpose for doing this was that Mr. Blythe had been a General Manager of Parts Depots, of Caterpillar Tractor Co. and possessed a training and knowledge that would enable him, in our opinion, to set up an efficient operating organization in the least possible time. We also made arrangements to have a

field service man on the job and assigned Mr. A. C. Pace to this work. He was one of our field service men who had been in the employ of Taylor-Hale Machinery Company and other distributors who were predecessors of our Company. We were not familiar with the way the work would be handled on the reservation, but because we were renting a substantial amount of new equipment we wanted to be sure that it was delivered properly and that new operators would be carefully instructed in its care and use. This was done at the outset, but as the job was quickly organized and the equipment put in operation it soon became evident to us that we were too greatly concerned about the care which the equipment would receive. Proper lubrication, which is an important factor, was set up for this equipment. Every attempt was made by Ferguson-Oman Company to keep equipment operating in an efficient way as possible. Thus in a very short while we found a man assigned to a job which was being properly taken care of by Ferguson-Oman Company. We discussed transferring Mr. Pace to some other work and about that time Mr. Toney Canazaro, who had been a Ferguson-Oman parts foreman in the Heavy Equipment Department, left their employ. Mr. Greig Oman mentioned to Mr. J. R. Taylor that he was in need of a man to replace Mr. Canazaro. Mr. Taylor discussed this matter, wondering if it would be satisfactory for us to release Mr. Pace for this work. We did not know just what our position might be and were a little bit reluctant to make any such move at the time. Later, however, Mr. Taylor talked to Mr. Stirton Oman and told him if Mr. Pace was wanted, we would be agreeable about his release and he was employed by Ferguson-Oman Company as a foreman of its Heavy Equipment Parts Department. He took Mr. Toney Canazaro's place. This occurred sometime in April and since Mr. Pace went to work for Ferguson-Oman Company he has absolutely not been under the jurisdiction, supervision or in no way employed by Taylor-Hale Machinery Company.

In connection with his work for Ferguson-Oman Company, he has something to do with the requisitioning of parts, not only for equipment which we represent, but also competitors' equipment. We want to point this out because when a service station is established it is for the purpose of giving service to the contractor on the job by keeping equipment in operation. Our equipment or any equipment is more favorably accepted when its continued operation is assured. We would be better off if we never had to sell a part and point to our equipment as being equipment which did not require repairs. However, we know equipment wears out and breaks down and when it does we believe it is to our advantage to have service available to put it back in operation in the shortest space of time. This is being mentioned to point out that we do not have salesmen or service men or anyone connected with our organization out soliciting parts business. We never have had and never expect to have anyone doing this and while the intimation has been made that perhaps we did do this, we would like to make the point clear that we did not.

We have received absolutely no benefit from having Mr. Pace on the Ferguson-Oman payroll. Anyone else satisfactorily trained and possessing the knowledge he has would have been just the same as having Mr. Pace there. As a matter of fact, we sustained a detriment in giving Mr. Pace up for we have another place that we could have used him and wanted to use him.

At the time that our warehouse was set up and we were concerned about how our rental equipment would be handled, we provided small and very inexpensive living quarters for a parts man and a service man. When we found that we did not need a service man there on the job and Mr. Pace was employed by the Ferguson-Oman Company, he knew that this room was available. He asked if it would be all right if he continued to stay there. Inasmuch as we had no use for the space we thought that we would be doing the whole project a favor by letting him continue to occupy it. Mr. Pace's request came up because of the lack of living facilities of almost any nature in the surrounding territory. About the same time Mr. Greig Oman was also experiencing difficulty because of available living quarters and he mentioned this to Mr. Taylor. Mr. Taylor told him that if he wanted to take up temporary quarters there with Mr. Pace, furnishing whatever equipment he needed to make himself anywhere near comfortable, it would be perfectly agreeable with us for him to do so. We received absolutely no benefit from allowing Mr. Pace and Mr. Oman to stay in this room together. If anybody got any benefit out of allowing Pace and Greig Oman to stay in this room it was Ferguson-Oman Company and the Government, because they were available at all times and could be reached by telephone and it was practically impossible to get a rooming arrangement where there was a telephone.

HENRY M. HALE.

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Sworn to and subscribed before me, this the 24th day of November 1941.

[SEAL]

WINFRED H. LANCASTER, *Notary Public.*

Registered as a Notary Public in Henderson, Carroll, and Gibson Counties, Tenn., as provided by Chap. 193, Public Acts of Tennessee 1935.

My Commission Expires July 10th, 1945.

[Exhibit 1 Attached to Affidavit No. 91]

UNITED STATES SENATE,
SPECIAL COMMITTEE INVESTIGATING THE NATIONAL DEFENSE PROGRAM,
October 3, 1941.

TAYLOR-HALE MACHINERY COMPANY,
Memphis, Tennessee.

DEAR SIRs: Your company has been designated as one from whom equipment was rented for use on a Government project being constructed at Milan, Tennessee, identified as the Wolf Creek Ordnance Plant and the Milan Ordnance Depot. The Committee would appreciate it if you would furnish over the signature of a responsible official information along the lines suggested in the attached questionnaire.

The information supplied will be used in a study presently being made by the Committee of ordnance plant construction, and it is desired that complete answers be supplied to all of the questions on behalf of your company as expeditiously as possible and not later than October 13.

Very truly yours,

HUGH A. FULTON,
Chief Counsel.

(Stamped:) Oct. 6, 1941. Hale. 10-10-41.

I. Outline the following information regarding your business organization.

A. Type

1. Contractor
2. Equipment Distributor
3. Automobile Distributor (make and territory allocated)
4. Mill supplies and hardware
5. Office Equipment Dealer
6. Automotive parts Dealer

B. Date of Organization

C. Officers and Directors

D. Principal Stockholders or owners of beneficial interest.

II. Outline the following information regarding any light or heavy equipment rented or sold to the government for use at the Wolf Creek Ordnance Plant or the Milan Ordnance Depot.

- A. List all items describing the type, size, capacity, make, model and year of manufacture.
- B. List the value at which each item was placed on the above project and the amount of rental paid to date. (Indicate all instances of recapture)
- C. In instances where the equipment was purchased by you for the express purpose of rental to the government on this project outline the following:—
Actual cost to you including all trade and fleet discounts or allowances made or to be made.
Actual equity held by your company in each item over and above any lien, chattel mortgage or other encumbrance.
In instances where the items supplies were not of the type, make, and manufacture handled by your company in the regular course of business indicate source from which items were obtained.
- D. In instances where the equipment was owned by your company prior to the inception of this project outline the following:—
Original cost and depreciated or book value at which the item was carried on your books.
Amount of rental received on each item used previously on other government projects.

- III. Outline the extent of all sales of parts, accessories, mill supplies, hardware, etc. made by your company to this project showing the dollar value of these sales by month.
- IV. Outline any instance wherein any member of your organization is connected, associated or affiliated through family relationship, business connections or otherwise with any member of the government or contractor organization engaged on this project.
- V. Outline any instance wherein any former employee of your organization is or has been employed by either the government or contractor organization on this project. In each instance listed explain reason for termination of employment with your company.

[Exhibit 2 attached to Affidavit No. 91]

OCTOBER 10, 1941.

Mr. HUGH A. FULTON,
Chief Counsel, United States Senate,
Special Committee Investigating the National Defense Program,
Washington, D. C.

DEAR SIR: Taylor-Hale Machinery Co. is an equipment distributor representing the following manufacturers:

The Alemite Company of Memphis
 American Cable Division of American Chain & Cable Co.
 Athey Truss Wheel Company
 Baker Manufacturing Co.
 California Commercial Company, Inc.
 Cardwell Manufacturing Company, Inc.
 Caterpillar Tractor Co.
 D-A Lubricant Company, Inc.
 Davey Compressor Co. Inc.
 The Huber Manufacturing Co.
 J. I. Ingram Equipment Co.
 Iowa Manufacturing Company
 Killefer Manufacturing Corporation
 LaCrosse Trailer & Equipment Co.
 R. G. LeTourneau, Inc.
 LaPlant-Choate Manufacturing Co.
 Link-Belt Speeder Corporation
 National Cylinder Gas Company
 Page Engineering Company
 Rome Plow Company
 The Thew Shovel Company
 Topeka Highway Mower Company
 Willamette-Hyster Company

Our organization started in business January 1, 1941. It is a partnership composed of J. R. Taylor, who had a third interest in McCarthy, Jones & Woodard Co. of Memphis, former Caterpillar Tractor Co. distributors in this territory, and H. M. Hale, who was Sales Manager of the Eastern Division of Caterpillar Tractor Co.

Attached is a summary of all equipment which we have rented to Ferguson-Oman Company, contractors for the Wolf Creek Ordnance Plant at Milan, Tennessee. We believe this summary gives all the information requested, and will be found self-explanatory, but the following remarks might be helpful.

The items of equipment are clearly defined, but we have not shown the various attachments which are on the machines, such as different sizes of tracks, radiator guards, crankcase guards, lighting systems, etc. We did not detail these items as we felt you were concerned with specific facts as we have shown them.

We have used figures after payment of August rental, which was the last rental payment received.

On the details regarding liens we show two columns—"Paid On Lien Through 8-31-41" and "Balance of Lien 8-31-41". We have used the date of August 31, 1941 as a matter of convenience, but actually the payments were made about September 10, 1941, and the balance is after giving effect to those payments.

Your request that we show our actual equity was slightly confusing, so we have shown our equity in the cost of each item and in the lease valuation.

Some liens show an overpayment, but this is brought about by the fact that we and our bank, keep a record of each item of equipment, and all rentals received are applied against the note covering all equipment. Overpayments merely show what each machine is contributing toward reduction of our note.

Following is a list of our "Caterpillar", LeTourneau, LaPlant-Choate, Athey, and Thew parts, sales by months to Ferguson-Oman Company:

Month	Amount	Cumulative totals
February.....	\$4,241.71	\$4,241.71
March.....	3,114.29	7,356.00
April.....	8,962.02	16,318.02
May.....	7,782.77	24,100.79
June.....	11,359.97	35,460.76
July.....	13,004.51	48,465.27
August.....	6,998.06	55,463.33
September.....	25,487.50	80,950.83
Total.....	80,950.83	-----

The increased amount in September was brought about by the Atlanta Zone Office of the Quartermaster Corps having the Constructing Quartermaster put an order through the contractor for a stock of parts to be moved on to the reservation. This amounted to \$19,066.09.

We are not connected in any way with any members of the Government or contractor organization on the Wolf Creek Ordnance Plant job. We have become acquainted with, and hold in high regard, several members of the organization whom we feel we can call friends of ours.

At the outset of the job we had a field serviceman in our employ who seemed to have some qualifications that they wanted, so Ferguson-Oman Company asked our permission to employ him, and we consented.

We hope we have furnished all the information desired, but if there is anything additional required, please advise us.

Very truly yours,

Partner
TAYLOR-HALE MACHINERY Co.

AFFIDAVIT No. 91-A

I, Anthony W. Bouck, having been sworn previously in this proceeding make the following statement in further support of my testimony to H. G. Robinson knowing him to be an investigator of the Special Senate Committee Investigating the National Defense Program.

With regard to Henry M. Hale's affidavit covering equipment leased by his company and repair parts and replacements furnished by his organization I am not in position to state whether or not prices paid actually conformed to the Treasury Procurement Schedules applicable. Only a detailed audit could confirm such facts.

It is unquestionably correct that the Government could have made a substantial saving of some one hundred and thirty thousand dollars had the Taylor-Hale equipment been purchased direct from the manufacturer. Such practice however would have in proper turn brought up the issue as to whether or not the manufacturer should deliver such equipment to the Government at cost thus eliminating another profit which may be charged roughly as a handling charge.

Had the Taylor-Hale Machinery Company been an establishment of some years standing inquiry into their relationships which have cost the Government a hundred and thirty thousand dollars by their own admission might not have revealed this pertinent fact; The Taylor-Hale Machinery Company was organized Jan. 1, 1941 and to date the bulk of their transactions have been with the Ferguson-Oman Company on equipment and repairs and replacements reimbursable directly by the United States Government.

In the closing paragraph of Mr. Hale's affidavit he states that Mr. Oman and Mr. Pace whom he asks us to believe had no connection with the Taylor-Hale Machinery Company, were allowed to use the Taylor-Hale Warehouse as living quarters simply because living quarters were hard to obtain and that a telephone was handy.

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Now here we have a man in the instance of Greig Oman whose salary in the amount of \$125.00 each week is being reimbursed by the United States Government. He gave up comfortable quarters in a well appointed home adjacent to the project area to live in a machinery warehouse. On April 14, 1941 Mr. Oman stated to Mr. Stanfiel, government inspector, while discussing the necessity of Saturday work that he, Mr. Oman, was paid for a forty hour week and did not desire to work on Saturday (Exhibit "I" attached).

It must follow then that Mr. Oman's interests in living in a machinery warehouse were not as Mr. Hale states "because they were available at all times" but for some other purpose unrevealed. Even when it is remembered that one of the foremost principles of merchandising is that the seller must establish the most friendly relationship with the buyer and do so with whatever means are at his command an unnatural relationship must exist between an individual who has used nearly one hundred thousand dollars worth of merchandise in the form of repairs and replacement parts all at Government expense who lives in the warehouse of the vendor of such merchandise and who has under his immediate direction some three quarters of a million dollars worth of the vendor's machinery.

(Signed) ANTHONY W. BOUCK.

Sworn to and subscribed to before me at Jackson, Tenn., Dec. 11, 1941.

H. G. ROBINSON,

*Investigator, Special Senate Committee Investigating
the National Defense Program, U. S. Senate.*

[Exhibit 1 attached to Affidavit No. 91-A]

WOLF CREEK ORDNANCE PLANT,
Milan, Tennessee, April 14, 1941.

Subject: Saturday work in the Mechanical Division.

To: Anthony W. Bouck, Chief Tool and Equipment Inspector.

1. It is requested by the undersigned that the mechanical division be permitted to work on Saturdays. This request is made in order that broken equipment can be repaired and ready for service on Monday mornings. Due to the fact that equipment is not working on Saturdays, all of the mechanics can divert their efforts to repairs in the shop on this day. During week days much time is required of the mechanics in doing field repairs and considerable working time is lost by moving to and from repair jobs.

2. The undersigned has requested that Mr. Greig Oman make necessary arrangements for this overtime work in order that the equipment can start moving on Monday mornings without this unnecessary delay. *Mr. Oman stated that his salary was on a forty (40) hour week and that he did not desire to work on Saturday.*

3. Mr. Faulk has been informed of this situation and has submitted his request for Saturday work of the Mechanical Division.

H. F. STANFIEL,
Senior Inspector.

AFFIDAVIT No. 92

[In connection with this affidavit see Memorandum No. 92-A on p. 3611]

STATE OF TENNESSEE,
County of Carroll.

Personally appeared before me the undersigned Notary Public in and for said State and County, Albert C. Pace who being duly sworn deposes as follows:

My name is Albert C. Pace and at the present time I live at Grabball, Tennessee. I am employed by the Ferguson-Oman Company as General Foreman of the Heavy Equipment Parts Department. I work under Mr. Greig Oman and have been so employed since around the latter part of April or the first of May 1941. Before that time I was employed by the Taylor-Hale Machinery Company of Memphis, Tennessee who are the authorized distributors in this territory for Caterpillar tractors and allied equipment.

Before I started to work for the Ferguson-Oman Company there was another man who was General Foreman of the Heavy Equipment Parts Department, named Tony Canizaro. He left Ferguson-Oman company as I understand it, to go to another job and they were in search of a man to take his place. The job

was offered to me and I accepted it and have continued to work in this capacity for them. At that time I went off the pay roll of the Taylor Hale Machinery Company and have given my entire time to the Ferguson-Oman Company.

I understand that Mr. McCarthy at the hearing in Memphis on November 18 testified that I was on the Ferguson-Oman Company's payroll but was working for Taylor Hale running their parts place at Graball. Even before I went to work for Ferguson-Oman Company I did not have charge of Taylor Hale Company's parts department at Graball as Mr. Harry Blythe was in charge of same. The statement in the testimony that I have been working for or running Taylor Hale's parts place at Graball in Mr. McCarthy's testimony is absolutely untrue.

I was employed by Ferguson-Oman Company on a 40 hour per week basis and as a matter of fact I have worked for them on an average of 55 to 60 hours per week during the entire time I worked for them. I have done absolutely no work for the Taylor-Hale Company while I was working for Ferguson-Oman Company and was being paid by Ferguson-Oman Company.

ALBERT C. PACE.

Sworn to and subscribed before me this 24th day of November 1941.

[SEAL]

WINFRED H. LANCASTER, *Notary Public*.

Registered as a Notary Public in Henderson, Carroll, and Gibson Counties, Tenn., as provided by Chap. 193, Public Acts of Tennessee 1935.

My Commission Expires July 10th, 1945.

MEMORANDUM No. 92-A

MEMORANDUM

In considering the information contained in the affidavits of Albert C. Pace and Greig Oman concerning the employment of Walter Pace by the Ferguson Oman Company, reference to the personnel records of the Ferguson Oman Company indicate details not in conformity with the facts outlined in the affidavits.

It is true that Anthony Francis Canizaro had been employed by the Louisiana Tractor and Machine Company as Credit Manager and Parts Man at \$250 a month. While it is true that he accepted employment with the Ferguson Oman Company on February 27, 1941, at \$60 per week, it is not true that he resigned from the employ of the Ferguson Oman Company, inasmuch as the records indicate that he was discharged March 29, 1941.

Contrary to inferences drawn in the afore-mentioned affidavits, Canizaro was was not replaced by Albert Pace but on May 2, more than thirty days after Canizaro was discharged Pace was hired as a general foreman at \$60 per week but raised shortly thereafter on June 22, to \$75 per week. The record indicates that he had been previously employed by the Taylor Hale Machinery Company as a service man at \$225 a month from the time that company was organized in January, 1941 up to the date of his employment by the Ferguson Oman Company.

A memorandum contained in the personnel files of Albert Pace is of interest and is set out as follows:

"May 1, 1941—from Greig Oman to Wallace Faulk.

"Attached is a requisition for general foreman in the Mechanical Division to replace Mr. Tony Canizaro who recently resigned from this department as general foreman to take a position elsewhere. We are also attaching a personal history statement of Mr. Albert Cliff Pace, whom Mr. Stirton Oman has requested that we place in this position and whom we think would make us an excellent man for this position. The Government inspectors have requested us to fill this vacancy immediately in order to expedite the requisitioning of repair parts for our heavy equipment."

AFFIDAVIT No. 93

[In connection with this affidavit see Memorandum No. 92-A above]

STATE OF TENNESSEE

County of Carroll

Personally appeared before me, the undersigned authority, George Greig Oman, who being duly sworn, deposes as follows:

My name is George Greig Oman, and I am employed as Division Superintendent in charge of the Mechanical Division for the Ferguson-Oman Company on the Wolf Creek Ordnance Plant.

My attention has been called to a portion of a report read into the record before the Senate Investigating Committee on National Defense at the hearing at Memphis, Tennessee, while Mr. Bouck was testifying, which report was made by Mr. Clifford Jessup, one of Mr. Bouck's inspectors. Said portion of the report deals with the employment of a Mr. Pace, who was a former employee of Taylor-Hale Machinery Company. With reference to this portion of the report, I state that the following represents the true facts with reference to Mr. Pace's employment:

When I came on the job Mr. Tony Canizaro was hired as general foreman in charge of the parts department. This man, I understood, had formerly been with Louisiana Tractor Company. Caterpillar Tractors are recognized as a standard piece of equipment and as the best and most popular of its kind in construction work, and it was necessary to have a highly specialized caterpillar man on this job. Mr. Tony Canizaro informed me that within the next few weeks he would have to leave the Ferguson-Oman Company, as he had decided to go in business for himself. I immediately began looking for some good tractor man. The Taylor-Hale Tractor Company is the caterpillar tractor dealer in this territory, with office at Memphis, Tennessee, and also maintained a parts warehouse near the job. I asked this firm if they knew of some highly specialized caterpillar man that the Ferguson-Oman Company could employ and they promised to look around and see what they could do. Later, Mr. Pace, who had been employed by the Taylor-Hale Company as their service man, was employed by the Ferguson-Oman Company, with the approval of the quartermaster, to fill Mr. Canizaro's place, at \$60.00 a month less than had been paid Mr. Canizaro.

Mr. Pace certainly thereafter did not work for the Taylor-Hale Tractor Company, but worked for the Ferguson-Oman Company, and all duties performed by him were for and necessary to the operation of the project by the Ferguson-Oman Company. Mr. Pace's services were highly satisfactory, and we were very fortunate in being able to get a man of his ability.

GREIG OMAN.

Sworn to and subscribed before me this 24 day of November, 1941.

[SEAL]

WINFRED H. LANCASTER, *Notary Public*.

Registered as a Notary Public in Henderson, Carroll, and Gibson Counties, Tenn., as provided by Chap. 193, Public Acts of Tennessee 1935.

My Commission Expires July 10th, 1945.

AFFIDAVIT No. 94

[In connection with this affidavit see Affidavit No. 91-A on p. 3609]

STATE OF TENNESSEE,
County of Carroll.

Personally appeared before me the undersigned Notary Public in and for said County, Albert C. Pace who being duly sworn deposes as follows:

My name is Albert C. Pace. I live at Graball, Tennessee. I am General Foreman of the Heavy Equipment Parts Department of the Ferguson-Oman Company at the Milan project.

When I first came to Graball I was Service Man for the Taylor Hale Machinery Company of Memphis, Tennessee. I had no place to stay and when Taylor-Hale built their warehouse they cut off a section of same and made two rooms one of which has been occupied by their Warehouse Manager and the other of which, while I was working for them they allowed me to use.

Since I have been employed by the Ferguson-Oman Company I have still lived in this same room as Mr. Hale said that I could for the time being, that was right after I went to work for Ferguson-Oman Company. They never notified me to vacate the place and I am still there. I do not perform any services for them in consideration of being allowed to stay there and never have since starting work for Ferguson-Oman Company.

I had nothing whatever to do with Mr. Greig Oman's staying in this cubby hole in Taylor Hale's warehouse with me but I told him after he had talked to Mr. Hale about it that it was satisfactory to me to have him stay there with me. He made his own arrangements with Taylor-Hale Company and I had nothing to do with making them. To my certain knowledge Mr. Greig Oman performs absolutely no services for the Taylor-Hale Company and they derive no benefit from his staying in the cubby hole with me. As a matter of fact the Ferguson-Oman

Company have very greatly benefited by Mr. Greig Oman and I sleeping in this cubby hole for it is awfully hard to get any place to stay around Milan and by staying there we were available by phone and if anything broke down in connection with the heavy equipment, we could be reached at any time of the night which we have been many times and could get up and, at once, go to the broken equipment and make whatever repairs necessary.

ALBERT C. PACE.

Sworn to and subscribed before me this 24th day of November 1941.

[SEAL]

WINFRED H. LANCASTER, *Notary Public*.

Registered as a Notary Public in Henderson, Carroll, and Gibson Counties, Tenn., as provided by Chap. 193, Public Acts of Tennessee 1935.

My Commission Expires July 10th, 1945.

AFFIDAVIT No. 95

[In connection with this affidavit see Affidavit No. 91-A on p. 3609]

STATE OF TENNESSEE.

County of Carroll.

Personally appeared before me, the undersigned authority, George Greig Oman, who being duly sworn, deposes as follows:

My name is George Greig Oman, and I am employed as Division Superintendent in charge of the Mechanical Division for the Ferguson-Oman Company on the Wolf Creek Ordnance Plant.

My attention has been called to a portion of a report read into the record before the Senate Investigating Committee on National Defense at the hearing in Memphis, Tennessee, while Mr. Bouek was testifying, which report was made by Mr. Clifford Jessup, one of Mr. Bouek's inspectors. Said portion of the report deals with my having slept in quarters of the Taylor-Hale Machinery Company warehouse near the job site. With reference to this portion of the report, I wish to make the following statement of fact:

One of the largest projects in the country was being built at Milan, Tennessee, and living quarters were very scarce and crowded in this area. I at first lived in a rooming house, with my room being occupied by two other men, in Milan, Tennessee. These men came in at various hours and my rest was disturbed constantly. I decided that I would try to get a house trailer and park it near the job, and asked the Taylor-Hale Company what would be the charges for parking a trailer on their lot, in the rear of the warehouse. Mr. Taylor stated that there was a room in the rear of the warehouse, in which I could live if I would get a bed and furniture, while I tried to obtain satisfactory living quarters. I was glad to accept this suggestion, and stayed in this room until the dormitories at the project were completed and made available to the Ferguson-Oman Employees, whereupon I moved from this temporary quarters into the dormitory. I at no time felt obligated to Taylor-Hale Company for this temporary arrangement. This arrangement worked out to the best advantage of the project, as I was close to the job and close to a telephone.

GREIG OMAN.

Sworn to and subscribed before me this 24th day of November 1941.

[SEAL]

WINFRED H. LANCASTER, *Notary Public*.

Registered as a Notary Public in Henderson, Carroll, and Gibson Counties, Tenn., as provided by Chap. 193, Public Acts of Tennessee, 1935.

My Commission Expires July 10th, 1945.

AFFIDAVIT No. 96

[In connection with this affidavit see Affidavit No. 91-A on p. 3609]

SUPPLEMENTAL

STATE OF TENNESSEE,

County of Carroll.

Personally appeared before me, the undersigned Notary Public, in and for said State and County, Henry M. Hale, being duly sworn deposed as follows:

My name is Henry M. Hale. I live at Memphis, Tenn., and am partner with J. R. Taylor, in the Taylor-Hale Machinery Company of Memphis, Tenn.

At the time that our warehouse was set up and we were concerned about how our rental equipment would be handled, we provided small and very inexpensive living quarters for a parts man and a service man. When we found that we did not need a service man there on the job and Mr. Pace was employed by the Ferguson-Oman Co. He knew that this room was available. He asked if it would be all right if he continued to stay there. Inasmuch as we had no use for the space we thought that we would be doing the whole project a favor by letting him continue to occupy it. Mr. Pace's request came up because of the lack of living facilities of almost any nature in the surrounding territory. About the same time Mr. Greig Oman was also experiencing difficulty because of available living quarters and he mentioned this to Mr. Taylor. Mr. Taylor told him that if he wanted to take up temporary quarters there with Mr. Pace, furnishing whatever equipment he needed to make himself anywhere near comfortable, it would be perfectly agreeable with us for him to do so. We received absolutely no benefit from allowing Mr. Pace and Mr. Oman to stay in this room together. If anybody got any benefit out of allowing Pace and Greig Oman to stay in this room it was Ferguson-Oman Company and the government, because they were available at all times and could be reached by telephone and it was practically impossible to get a rooming arrangement where there was a telephone.

HENRY M. HALE.

Sworn to and subscribed before me, this the 24th day of November, 1941.

[SEAL]

WINFRED H. LANCASTER, *Notary Public*.

Registered as a Notary Public in Henderson, Carroll, and Gibson Counties, Tenn., as provided by Chap. 193, Public Acts of Tennessee 1935.

My Commission Expires July 10th, 1945.

AFFIDAVIT No. 97

[In connection with this affidavit see Memorandum No. 97-A on p. 3624]

STATE OF TENNESSEE,

County of Carroll.

Personally appeared before me, the undersigned authority, John Ralls, who being duly sworn, deposed as follows:

My name is John Ralls and I am employed by the Ferguson-Oman Company in charge of acquiring and placing under contract rental equipment for the Wolf Creek Ordnance Plant and the Milan Ordnance Depot.

My attention has been called to the testimony offered before the Senate Investigating Committee in Washington, intimating that there was irregular handling of the rental equipment in connection with the equipment on which there were liens. I am further informed that witnesses referred to certain equipment purchased from Denny-Caldwell Company of Milan, Tennessee, on which there was a lien to secure a certain amount of the purchase price to the General Motors Acceptance Corporation.

Any intimation that there was anything irregular or anything that was not entirely supported by sound business practice is an absolute untruth.

There was no provision in the contract or regulations furnished us limiting the liens on equipment which was rented on these projects. I attach hereto and make Exhibit 1 to this affidavit one of the twelve original copies of the contract with Denny-Caldwell Company, dated February 10, 1941, and numbered Contract #1. On the face of this contract appear the initials "A. W. B.", which are those of Anthony W. Bouck, approving the same. Mr. Bouck was a subordinate of Mr. T. D. Thomas, who testified in Washington before the Committee, and the approval of Mr. Bouck constitutes the approval of Mr. Thomas' office. On the face of the contract also appear the initials "B. J. N.", who is Lt. Nickelsen of the Constructing Quartermaster's office. The acquiring of this property and this contract was regular in every way. Attention is called to Schedule A of this contract, from which there will be seen that there is a full history and description of the equipment, together with the amount of the lien and the name of the lien holder. Attention is further called to Article 7 of the contract, which contemplates liens on this equipment, and which only requires

"the names and addresses of any and all persons holding any lien or encumbrance of any nature whatsoever against such piece of equipment together with the amount of the indebtedness secured by such lien or encumbrance."

The Ferguson-Oman Company in such instances took further precaution and required of the lessor a letter of authority authorizing the Ferguson-Oman Company to pay direct to the lien holder or holders the rental checks as they became due until such time as the lien might be discharged. This is sound business practice, and the interest of the Government was fully protected. Any intimation to the contrary is absurd.

The Ferguson-Oman Company was furnished by the Denny-Caldwell Company authority to pay to the General Motors Acceptance Corporation the rental as it accrued until all liens were liquidated.

At the beginning of the job there was no limitation placed on the Ferguson-Oman Company as to the amount of liens on rental equipment. However, some time after March 12, 1941, the Ferguson-Oman Company received a letter from the Quartermaster General, Washington, D. C., entitled "Construction Division Letter No. 154", and dated March 12, 1941, which, among other things, contained the following provision:

"No piece of equipment shall be rented against which there is outstanding any lien or encumbrance securing an indebtedness of the owner which indebtedness exceeds 70% of the valuation of the equipment."

This provision appears on Page 7 of the letter. I attach hereto and make exhibit 2 to my deposition one of the letters received from the Constructing Quartermaster General's office.

Following the receipt of this letter, the Purchasing Department of the Ferguson-Oman Company were governed accordingly.

In connection with the rental of equipment, the problem involved not the purchase outright of the equipment, but the rental of valuable equipment with the right reserved by the Government to return the same at any time without paying more than the rental which had accrued up until that time. Naturally many dealers and lessors were faced with the possibility of having large numbers of automobiles or other equipment returned to them after a small rental had been paid, in a second-hand condition. This was of course properly considered in the rental and re-capture value set.

The intimation in the testimony before the Senate Committee is that the Government Purchased equipment at more than private individuals could have purchased the same. This is absurd and untrue. The fact is that such equipment was not purchased by the Government, but acquired under rental contract with the right to terminate the rental and return the equipment in a used condition, or to exercise its re-capture rights at the re-capture valuation set. Even under these circumstances, we were able to acquire the equipment at the regular list price, but were unable to obtain any quantity or cash discount, as an outright purchase was not made.

I understand that the intimation made above as to the Denny-Caldwell Company rental contract was also made at the hearing in connection with the Taylor-Hale Machinery Contract. This intimation is also untrue.

After we received notice that all rental equipment acquired should not have more than 70% lien or encumbrance on the same, this was fully complied with.

The Ferguson-Oman Company has authority from every lessor of rental equipment on this job on which there is a lien, to pay the rental sums direct to the lien holder or holders, and discharge the liens in full before the lessor has received any money under the contract.

JOHN RALLS.

Sworn to and subscribed before me this 27th day of November 1941.

[SEAL]

G. C. CRIDER, *Notary Public*.

My commission expires Jan. 31, 1945.

[Exhibit 1 attached to Affidavit No. 97]

[Original]

Contract No. 1

EQUIPMENT RENTAL AGREEMENT

THIS CONTRACT, entered into this 10th day of February, 1941, by Denny-Caldwell Company a partnership consisting of B. G. Denny and R. L. Caldwell of the City of Milan, in the State of Tennessee, hereinafter called the Lessor, and Ferguson-Oman Company, a partnership consisting of The H. K. Ferguson Company and Oman Construction Company of the Village of Milan, in the State of Tennessee, hereinafter called the Lessee,

Whereas, the Lessee has heretofore, to wit, on the 31st day of December, 1940, entered into a contract hereinafter called the principal contract, with the United States of America, hereinafter called the Government, to construct for the Government The Wolf Creek Ordnance Plant, near Milan, Tennessee.

(Notation in pencil:) Below are the initials of Lt. Nicholson and A. W. Bouek signifying their approval of this contract.

R. J. N.
A. W. B.

at or near -----

Whereas, the Lessor has agreed to rent the Lessee for use in connection with the aforementioned construction the equipment leased on schedule "A" attached hereto and made a part hereof; and

Whereas, the Lessor has read and is familiar with each and every part of said principal contract, and the respective rights, powers, benefits and liabilities of the Lessee and the Government thereunder;

NOW, THEREFORE, THIS AGREEMENT WITNESSETH: That the parties hereto do mutually agree as follows:

ARTICLE I

The Lessor shall furnish the equipment listed on Schedule "A" attached hereto and made a part hereof. Equipment shall be in a condition to render efficient, economic, and continuous service. Each piece of equipment shall be clearly marked with the identification number set opposite such piece on schedule "A".

ARTICLE II

All necessary minor or field repairs to equipment shall be made by the Lessee without cost to the Lessor. Other than minor or field repairs shall be made by the Lessor without cost to the Lessee. All gasoline and oil for the operation of such equipment will be furnished by the Lessee.

ARTICLE III

Equipment is rented without operators. Any operator deemed incompetent by the Lessor and the Lessee shall be removed from any piece of equipment. Should the Lessor and the Lessee fail to agree as to the competency of any operator the matter shall be submitted to the Contracting Officer who signed the principal contract and his decision shall be final as to the parties hereto.

ARTICLE IV

The Lessor shall initiate shipment of the equipment to the site of the work immediately. It is estimated that the equipment will be used for approximately 6 months working hours, but the Lessee reserves the right to increase or decrease the rental period.

ARTICLE V

A. The Lessor shall be paid at the rate prescribed in Schedule "A". The rental period shall begin on the delivery of such equipment to a common carrier for shipment to the site of the work, as evidenced by the Bill of Lading covering such shipment, and shall terminate, unless title to the equipment passes to the Government at an earlier date, on the date of delivery of such equipment to a common carrier, for shipment from the site of the work, as evidenced by the Bill of Lading covering such shipment, provided such equipment is delivered without delay after notice by the Lessee or the Contracting Officer, of the principal contract, to the Lessor that such equipment is no longer required; otherwise the rental shall terminate on the date of such notice. If such equipment is not in sound and workable condition when it arrives at the work site the rental period therefor shall not begin until such equipment shall have been placed in sound and workable condition at the expense of the Lessor. No transportation charges for the shipment thereof shall be paid by the Lessee for any piece of equipment which arrives at the work site in other than sound and workable condition if such piece of equipment cannot be placed in sound and workable condition. The determina-

tion as to whether such equipment is in sound and workable condition shall, in every instance, be made by the Contracting Officer or his duly authorized representative. Slight delays in the use of any piece of equipment caused by necessary minor or field repairs and replacements shall not interrupt the rental period, but no rental shall be paid for the period of any delay in the use of such piece of equipment caused by other than necessary minor or field repairs.

B. The minimum rental set forth in Schedule "A" shall be allowed for equipment in good repair and retained at the site of the work, provided such retention is approved in writing by the Contracting Officer or his duly authorized representative. Transportation will be paid by the Lessee f. o. b. cars at original point of shipment, and return transportation f. o. b. cars to original point of shipment, or equivalent mileage but charges for transportation of any piece of equipment over a distance in excess of Five Hundred Miles (500) must have written approval of the Contracting Officer or his duly authorized representative. Only loading and/or unloading costs incurred at the worksite will be paid by the Lessee. Rental payments will be made monthly on or about the 10th of the month for the previous calendar month.

ARTICLE VI

Failure of any piece of equipment to perform to the satisfaction of the Lessee or the Contracting Officer or his duly authorized representative shall be sufficient cause for the termination of this contract by the Lessee, or the requirement by the Lessee that the equipment be replaced with equipment of satisfactory performance

ARTICLE VII

When the equipment rented hereunder shall arrive at the site of the work the Lessor shall file with the Lessee a schedule setting forth, (1) the fair valuation of each piece of equipment at the time of its arrival and (2) the names and addresses of any and all persons holding any lien or encumbrance of any nature whatsoever against such piece of equipment together with the amount of the indebtedness secured by such lien or encumbrance. Such valuation shall be deemed final unless within ten days (10) after the equipment has been set up and operating, the Lessee or the Contracting Officer or his duly authorized representative shall modify such valuation. When and if the total rental paid to the Lessor for any piece of equipment shall equal the value thereof, plus one percent per month for each month or fraction thereof such piece of equipment shall have been in use, no further rental shall be paid to the Lessor and title shall vest in the Government. At the completion of the work or upon termination of the principal contract as provided in Article VI of the principal contract, the Government may at its option purchase any piece of such equipment by paying the Lessor the difference between the valuation of such equipment plus 1% per month for each month or part thereof such piece of equipment shall have been in use and the total rental therefor paid for such piece of equipment

ARTICLE VIII

Neither this contract nor any interest therein shall be assigned or transferred, except that the whole or any part is assignable to the Government.

ARTICLE IX

The Contractor shall have the same right and under the same conditions and terms to terminate this contract as has the Government in the principal contract.

ARTICLE X

This contract shall be subject to the written approval of the Contracting Officer who executed the principal contract, or his duly authorized representative, and shall not be binding until so approved.

ARTICLE XI

The following changes were made in this agreement before it was signed by the parties hereto:

ARTICLE II, PAGE 2, changed to read as follows: "All necessary repairs to equipment shall be made by the Lessee without cost to the Lessor. All gasoline and oil for the operation of such equipment will be furnished by the Lessee. Said equipment to be returned in as good condition as when received by the Lessee, excepting ordinary wear caused by ordinary use."

ARTICLE V, PART A, changed to read as follows: "The Lessor shall be paid at the rate prescribed in Schedule "A". The rental period shall begin on the delivery of such equipment to a common carrier for shipment to the site of the work, as evidenced by the Bill of Lading covering such shipment, and shall terminate, unless title to the equipment passes to the Government at an earlier date, on the date of delivery of such equipment to a common carrier, for shipment from the site of the work, as evidenced by the Bill of Lading covering such shipment, provided such equipment is delivered without delay after notice by the Lessee or the Contracting Officer, of the principal contract, to the Lessor that such equipment is no longer required; otherwise the rental shall terminate on the date of such notice. If such equipment is not in sound and workable condition when it arrives at the work site the rental period therefor shall not begin until such equipment shall have been placed in sound and workable condition at the expense of of the Lessor. No transportation charges for the shipment thereof shall be paid by the Lessee for any piece of equipment which arrives at the work site in other than sound and workable condition if such piece of equipment cannot be placed in sound and workable condition. The determination as to whether such equipment is in sound and workable condition shall, in every instance, be made by the Contracting Officer or his duly authorized representative. Any delays in the use of any piece of equipment caused by necessary minor, major, or field repairs and replacements shall not interrupt the rental period."

IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the day and year above written.

Witness:

- (1) John H. Ralls
- (2) Susan R. Ham

- (1) Edwin Feamer
- (2) M. Ramsey

DENNY-CALDWELL COMPANY,
Lessor.

By B. G. DENNEY,
Partner.

FERGUSON-OMAN COMPANY,
Lessee.

By E. J. WHITCHER,
Purchasing Agent.

1. I, R. L. Caldwell, certify that I am a partner, of the partnership named as the Lessor herein; that B. G. Denney, who signed this agreement on behalf of the Lessor, was then a partner, of said partnership; that said agreement was duly signed for and in behalf of said partnership by authority of its governing body, and is within the scope of its partnership powers.

[CORPORATE SEAL]

Place: Milan, Tenn.
Date: May 2, 1941.

"In some cases the owners of equipment rented directly to the Government, or the rental on which is paid indirectly by the Government, have through carelessness or otherwise neglected to submit in the statements prepared by the Lessors, the correct amount or amounts of the lien or liens on this equipment. The seriousness of such acts of carelessness or negligence cannot be over-emphasized. Section 35 of the Criminal Code as amended provides:

"Whoever shall make or cause to be made or present or cause to be presented, for payment or approval, to or by any person or officer in the civil, military, or naval service of the United States, or any department thereof, or any corporation in which the United States of America is a stockholder, any claim upon or against the Government of the United States, or any department or officer thereof, or any corporation in which the United States of America is a stockholder, knowing such claim to be false, fictitious, or fraudulent; or whoever, for the purpose of obtaining or aiding to obtain the payment or approval of such claim, or for the purpose and with the intent of cheating and swindling or defrauding the Government of the United States, or any department thereof, or any corporation in which the United States of America is a stockholder, shall knowingly and willfully falsify or conceal or cover up by any trick, scheme, or device a material fact, or make or cause to be made any files or fraudulent statements or representations, or make or use or cause to be made or used any false bill, receipt, voucher, roll, account, claim, certificate, affidavit, or deposition, knowing the same to contain any fraudulent or fictitious statement or entry, shall be fined not more than \$10,000 or imprisoned not more than ten years, or both."

I, _____, certify that I am the _____,
secretary of the corporation as the Lessee herein; that _____,

who signed this agreement on behalf of the Lessee, was then -----
of said corporation; that said agreement was duly signed for and in behalf of said
corporation by authority of its governing body, and is within the seope of its
corporate powers.

[CORPORATE SEAL]

Place-----
Date-----

Approved:

J. HORRIDGE,

Capt., O. D.

(To be executed by the Contracting Officer who executed the principal contract
named herein, or his successor or his duly authorized representative.)

CERTIFICATION

We, The H. K. Ferguson Company, A Corporation existing under the laws
of the State of Ohio, and the Oman Construction Company, a partnership of
Nashville, Tennessee, having entered into a joint venture under agreement dated
the 31st day of December, 1940, to build the Wolf Creek Ordnance Plant, for the
United States Government, hereby certify, by our authorized agents, that Mr.
C. G. Atkin has been appointed Project Manager of said Wolf Creek Ordnance
Plant and that he has had authority since December 31, 1940, to bind the H. K.
Ferguson Company and the Oman Company in all matters pertaining to the con-
struction of the said Wolf Creek Ordnance Plant and that he will continue to
exercise such authority until the Government has received a revocation of such
powers.

In witness whereof, we have hereunto affixed our hands, this 29th day of April,
1941.

For the H. K. Ferguson:

H. K. FERGUSON (Signed)

H. K. Ferguson, *President* [SEAL]

EVELYN HANDCOCK-FERGUSON (Signed)

Evelyn Handcock Ferguson, *Vice-Pres.*

Signature of C. G. Atkin:

CHARLES G. ATKIN (Signed).

For the Oman Construction Company:

STIRTON OMAN (Signed)

Stirton Oman, *Partner*

JOHN OMAN III (Signed)

John Oman III, *Partner*

JOHN OMAN, JR. (Signed)

John Oman, Jr., *Partner*

Witnessed:

PAUL M. BREWER (Signed)

Paul M. Brewer, Major QMC, CQM

ABE PLETCHNOW (Signed)

Abe Pletchnow, 2206 E. Main-

Humboldt, Tenn.

NOTE.—This is an exact copy of signed original that is held in office of Ferguson-
Oman Company, and Constructing Quartermaster's office.

SCHEDULE A.—Equipment rental agreement

Government Num- ber	Description: Items of Equipment, Serial Num- ber, Manufacturer	Cost or Replace- ment Value, New	Esti- mated Present Actual or Insurable Value	Liens, Amount, Name and Address	Date of Delivery to Com- mon Carrier	Rent Per Month 24 Hours Per Day
2315	1941 Chevrolet 1½ Ton Flat Bed Truck, Motor No. AG38358, Chevrolet Motor Co., Flint, Mich.	\$1,322.90	\$1,322.90	General Motors Accept- ance Corp., Memphis, Tenn., Amt. \$1,322.90	2/13/41	\$200.00
2316	1941 Chevrolet 1½ Ton Flat Bed Truck, Motor No. AG38239, Chevrolet Motor Co., Flint, Mich.	1,322.90	1,322.90	General Motors Accept- ance Corp., Memphis, Tenn., Amt. \$1,322.90	2/13/41	200.00

SCHEDULE A.—*Equipment rental agreement*—Continued

Government Number	Description: Items of Equipment, Serial Number, Manufacturer	Cost or Replacement Value, New	Estimated Present Actual or Insurable Value	Liens, Amount, Name and Address	Date of Delivery to Common Carrier	Rent Per Month 24 Hours Per Day
2317	1941 Chevrolet 1½ Ton Flat Bed Truck, Motor No. AG38338, Chevrolet Motor Co., Flint, Mich.	\$1,322.90	\$1,322.90	General Motors Acceptance Corp., Memphis, Tenn., Amt. \$1,322.90	2/14/41	\$200.00
2318	1941 Chevrolet 1½ Ton Flat Bed Truck, Motor No. AF401175, Chevrolet Motor Co., Flint, Mich.	1,322.90	1,322.90	General Motors Acceptance Corp., Memphis, Tenn., Amt. \$1,322.90	2/14/41	200.00
2319	1941 Chevrolet 1½ Ton Flat Bed Truck, Motor No. AG38486, Chevrolet Motor Co., Flint, Mich.	1,322.90	1,322.90	General Motors Acceptance Corp., Memphis, Tenn., Amt. \$1,322.90	2/14/41	200.00
2320	1941 Chevrolet 1½ Ton Flat Bed Truck, Motor No. AF401257, Chevrolet Motor Co., Flint, Mich.	1,322.90	1,322.90	General Motors Acceptance Corp., Memphis, Tenn., Amt. \$1,322.90	2/14/41	200.00
2321	1941 Chevrolet 1½ Ton Flat Bed Truck, Motor No. AF430225, Chevrolet Motor Co., Flint, Mich.	1,322.90	1,322.90	General Motors Acceptance Corp., Memphis, Tenn., Amt. \$1,322.90	2/14/41	200.00
2354	1941 Chevrolet 1½ Ton Flat Bed Truck, Motor No. AG554710, Chevrolet Motor Co., Flint, Mich.	1,322.90	1,322.90	General Motors Acceptance Corp., Memphis, Tenn., Amt. \$1,322.90	2/22/41	200.00
2352	1941 Chevrolet 1½ Ton Flat Bed Truck, Motor No. AG554614, Chevrolet Motor Co., Flint, Mich.	1,322.90	1,322.90	General Motors Acceptance Corp., Memphis, Tenn., Amt. \$1,322.90	2/22/41	200.00
2353	1941 Chevrolet 1½ Ton Flat Bed Truck, Motor No. AG554616, Chevrolet Motor Co., Flint, Mich.	1,322.90	1,322.90	General Motors Acceptance Corp., Memphis, Tenn., Amt. \$1,322.90	2/22/41	200.00
B 2333	Chevrolet Truck Wrecker (Holmes), Serial No. HE 1308, 1941, Chevrolet Motor Company, Detroit, Mich.	2,448.25	2,448.25	None	3/31/41	245.00
A 2221	Chevrolet Pickup Truck, ½ Ton, Serial No. AD 501703, Model 1941, Chevrolet Motor Company, Detroit, Mich.	683.00	683.00	General Motors Acceptance Corp., Memphis, Tenn., Amount \$487.00	4/14/41	65.00
A 2222	Chevrolet Pickup Truck, ½ Ton, Serial No. AD 606268, Model 1941, Chevrolet Motor Company, Detroit, Mich.	683.00	683.00	General Motors Acceptance Corp., Memphis, Tenn., Amount \$487.00	4/14/41	65.00
A 2223	Chevrolet Pickup Truck, ½ Ton, Serial No. AD 774938, Model 1941, Chevrolet Motor Company, Detroit, Mich.	683.00	683.00	General Motors Acceptance Corp., Memphis, Tenn., Amount \$487.00	4/18/41	65.00
A 2224	Chevrolet Pickup Truck, ½ Ton, Serial No. AD 769936, Model 1941, Chevrolet Motor Company, Detroit, Mich.	683.00	683.00	General Motors Acceptance Corp., Memphis, Tenn., Amount \$487.00	4/18/41	65.00
A 2225	Chevrolet Pickup Truck, ½ Ton, Serial No. AD 774902, Model 1941, Chevrolet Motor Company, Detroit, Mich.	683.00	683.00	General Motors Acceptance Corp., Memphis, Tenn., Amount \$487.00	4/18/41	65.00
A 2226	Chevrolet Pickup Truck, ½ Ton, Serial No. AD 769438, Model 1941, Chevrolet Motor Company, Detroit, Mich.	683.00	683.00	General Motors Acceptance Corp., Memphis, Tenn., Amount \$487.00	4/18/41	65.00
A 2227	Chevrolet Pickup Truck, ½ Ton, Serial No. AD 774893, Model 1941, Chevrolet Motor Company, Detroit, Mich.	683.00	683.00	General Motors Acceptance Corp., Memphis, Tenn., Amount \$487.00	4/18/41	65.00

SCHEDULE A.—*Equipment rental agreement*—Continued

Government Number	Description: Items of Equipment, Serial Number, Manufacturer	Cost or Replacement Value, New	Estimated Present Actual or Insurable Value	Liens, Amount, Name and Address	Date of Delivery to Common Carrier	Rent Per Month 24 Hours Per Day
A 2228	Chevrolet Pickup Truck, ½ Ton, Serial No. AD 769480, Model 1941, Chevrolet Motor Company, Detroit, Mich.	\$683.00	\$683.00	General Motors Acceptance Corp., Memphis, Tenn., Amount \$487.00	4/18/41	\$65.00
A 2229	Chevrolet Pickup Truck, ½ Ton, Serial No. AD 774765, Model 1941, Chevrolet Motor Company, Detroit, Mich.	683.00	683.00	General Motors Acceptance Corp., Memphis, Tenn., Amount \$487.00	4/18/41	65.00
A 2230	Chevrolet Pickup Truck, ½ Ton, Serial No. AD 774868, Model 1941, Chevrolet Motor Company, Detroit, Mich.	683.00	683.00	General Motors Acceptance Corp., Memphis, Tenn., Amount \$487.00	4/18/41	65.00
A 2231	Chevrolet Pickup Truck, ½ Ton, Serial No. AD 774896, Model 1941, Chevrolet Motor Company, Detroit, Mich.	683.00	683.00	General Motors Acceptance Corp., Memphis, Tenn., Amount \$487.00	4/18/41	65.00
A 2232	Chevrolet Pickup Truck, ½ Ton, Serial No. AD 769882, Model 1941, Chevrolet Motor Company, Detroit, Mich.	683.00	683.00	General Motors Acceptance Corp., Memphis, Tenn., Amount \$487.00	4/18/41	65.00
A 2233	Chevrolet Pickup Truck, ½ Ton, Serial No. AD 769-972, Model 1941, Chevrolet Motor Company, Detroit, Mich.	683.00	683.00	General Motors Acceptance Corp., Memphis, Tenn., Amount \$487.00	4/18/41	65.00
A 2234	Chevrolet Pickup Truck, ½ Ton, Serial No. AD 769945, Model 1941, Chevrolet Motor Company, Detroit, Mich.	680.00	683.00	General Motors Acceptance Corp., Memphis, Tenn., Amount \$487.00	4/18/41	65.00
A 2235	Chevrolet Pickup Truck, ½ Ton, Serial No. AD-774796, Model 1941, Chevrolet Motor Company, Detroit, Mich.	683.00	683.00	General Motors Acceptance Corp., Memphis, Tenn., Amount \$487.00	4/18/41	65.00
A 2236	Chevrolet Pickup Truck, ½ Ton, Serial No. AD 774750, Model 1941, Chevrolet Motor Company, Detroit, Mich.	683.00	683.00	General Motors Acceptance Corp., Memphis, Tenn., Amount \$487.00	4/18/41	65.00
A 2237	Chevrolet Pickup Truck, ½ Ton, Serial No. AD 770658, Model 1941, Chevrolet Motor Company, Detroit, Mich.	683.00	683.00	General Motors Acceptance Corp., Memphis, Tenn., Amount \$487.00	4/18/41	65.00
A 2238	Chevrolet Pickup Truck, ½ Ton, Serial No. AD-774935, Model 1941, Chevrolet Motor Company, Detroit, Mich.	683.00	683.00	General Motors Acceptance Corp., Memphis, Tenn., Amount \$487.00	4/18/41	65.00
A 2239	Chevrolet Pickup Truck, ½ Ton, Serial No. AD 769954, Model 1941, Chevrolet Motor Company, Detroit, Mich.	683.00	683.00	General Motors Acceptance Corp., Memphis, Tenn., Amount \$487.00	4/18/41	65.00
A 2240	Chevrolet Pickup Truck, ½ Ton, Serial No. AD 774924, Model 1941, Chevrolet Motor Company, Detroit, Mich.	683.00	683.00	General Motors Acceptance Corp., Memphis, Tenn., Amount \$487.00	4/18/41	65.00
A 2241	Chevrolet Pickup Truck, Serial No. AD 769561, Model 1941, Chevrolet Motor Company, Detroit, Mich.	683.00	683.00	General Motors Acceptance Corp., Memphis, Tenn., Amount \$487.00	4/18/41	65.00
A 2242	Chevrolet Pickup Truck, Serial No. AD 750168, Model 1941, Chevrolet Motor Company, Detroit, Mich.	683.00	683.00	General Motors Acceptance Corp., Memphis, Tenn., Amount \$487.00	4/18/41	65.00

SCHEDULE A.—*Equipment rental agreement*—Continued

Government Number	Description: Items of Equipment, Serial Number, Manufacturer	Cost or Replacement Value, New	Estimated Present Actual or Insurable Value	Liens, Amount, Name and Address	Date of Delivery to Common Carrier	Rent Per Month 24 Hours Per Day
A 2243	Chevrolet Pickup Truck, Serial No. AD-774793, Model 1941, Chevrolet Motor Company, Detroit, Mich.	\$683.00	\$683.00	General Motors Acceptance Corp., Memphis, Tenn., Amount \$487.00	4/18/41	\$65.00
A 2244	Chevrolet Pickup Truck, Serial No. AD 769551, Model 1941, Chevrolet Motor Company, Detroit, Mich.	683.00	683.00	General Motors Acceptance Corp., Memphis, Tenn., Amount \$487.00	4/18/41	65.00
A 2245	Chevrolet Pickup Truck, ½ Ton, Serial No. AD 774814, Model 1941, Chevrolet Motor Company, Detroit, Mich.	683.00	683.00	General Motors Acceptance Corp., Memphis, Tenn., Amount \$487.00	4/18/41	65.00
A 2246	Chevrolet Pickup Truck, ½ Ton, Serial No. AD 771879, Model 1941, Chevrolet Motor Company, Detroit, Mich.	683.00	683.00	General Motor Acceptance Corp., Memphis, Tenn., Amount \$487.00	4/18/41	65.00
A 2247	Chevrolet Pickup Truck, ½ Ton, Serial No. AD 774842, Model 1941, Chevrolet Motor Company, Detroit, Mich.	683.00	683.00	General Motors Acceptance Corp., Memphis, Tenn., Amount \$487.00	4/18/41	65.00
A 2248	Chevrolet Pickup Truck, ½ Ton, Serial No. AD 774919, Model 1941, Chevrolet Motor Company, Detroit, Mich.	683.00	683.00	General Motors Acceptance Corp., Memphis, Tenn., Amount \$487.00	4/19/41	65.00
A 2249	Chevrolet Pickup Truck, ½ Ton, Serial No. AD 774928, Model 1941, Chevrolet Motor Company, Detroit, Mich.	683.00	683.00	General Motors Acceptance Corp., Memphis, Tenn., Amount \$487.00	4/19/41	65.00
A 2250	Chevrolet Pickup Truck, ½ Ton, Serial No. AD 774844, Model 1941, Chevrolet Motor Company, Detroit, Mich.	683.00	683.00	General Motors Acceptance Corp., Memphis, Tenn., Amount \$487.00	4/19/41	65.00
A 2251	Chevrolet Pickup Truck, ½ Ton, Serial No. AD 774850, Model 1941, Chevrolet Motor Company, Detroit, Mich.	683.00	683.00	General Motors Acceptance Corp., Memphis, Tenn., Amount \$487.00	4/19/41	65.00
A 2252	Chevrolet Pickup Truck, ½ Ton, Serial No. AD 774866, Model 1941, Chevrolet Motor Company, Detroit, Mich.	683.00	683.00	General Motors Acceptance Corp., Memphis, Tenn., Amount \$487.00	4/19/41	65.00
A 2253	Chevrolet Pickup Truck, ½ Ton, Serial No. AD 770680, Model 1941, Chevrolet Motor Company, Detroit, Mich.	683.00	683.00	General Motors Acceptance Corp., Memphis, Tenn., Amount \$487.00	4/19/41	65.00
A 2254	Chevrolet Pickup Truck, ½ Ton, Serial No. AD 770632, Model 1941, Chevrolet Motor Company, Detroit, Mich.	683.00	683.00	General Motors Acceptance Corp., Memphis, Tenn., Amount \$487.00	4/19/41	65.00
A 2255	Chevrolet Pickup Truck, ½ Ton, Serial No. AD 774861, Model 1941, Chevrolet Motor Company, Detroit, Mich.	683.00	683.00	General Motors Acceptance Corp., Memphis, Tenn., Amount \$487.00	4/19/41	65.00
A 2256	Chevrolet Pickup Truck, ½ Ton, Serial No. AD 770584, Model 1941, Chevrolet Motor Company, Detroit, Mich.	683.00	683.00	General Motors Acceptance Corp., Memphis, Tenn., Amount \$487.00	4/19/41	65.00

SCHEDULE A.—*Equipment rental agreement*—Continued

Government Number	Description: Items of Equipment, Serial Number, Manufacturer	Cost or Replacement Value, New	Estimated Present Actual or Insurable Value	Liens, Amount, Name and Address	Date of Delivery to Common Carrier	Rent Per Month 24 Hours Per Day
A 2257	Chevrolet Pickup Truck, ½ Ton, Serial No. AD 770487, Model 1941, Chevrolet Motor Company, Detroit, Mich.	\$683.00	\$683.00	General Motors Acceptance Corp., Memphis, Tenn., Amount \$487.00	4/19/41	\$65.00
A 2258	Chevrolet Pickup Truck, ½ Ton, Serial No. AD 770562, Model 1941, Chevrolet Motor Company, Detroit, Mich.	683.00	683.00	General Motors Acceptance Corp., Memphis, Tenn., Amount \$487.00	4/19/41	65.00
A 2259	Chevrolet Pickup Truck, ½ Ton, Serial No. AD 770539, Model 1941, Chevrolet Motor Company, Detroit, Mich.	683.00	683.00	General Motors Acceptance Corp., Memphis, Tenn., Amount \$487.00	4/19/41	65.00
A 2260	Chevrolet Pickup Truck, ½ Ton, Serial No. AD 770493, Model 1941, Chevrolet Motor Company, Detroit, Mich.	683.00	683.00	General Motors Acceptance Corp., Memphis, Tenn., Amount \$487.00	4/19/41	65.00
A 2261	Chevrolet Pickup Truck, ½ Ton, Serial No. AD 774815, Model 1941, Chevrolet Motor Company, Detroit, Mich.	683.00	683.00	General Motors Acceptance Corp., Memphis, Tenn., Amount \$487.00	4/19/41	60.00
A 2262	Chevrolet Pickup Truck, ½ Ton, Serial No. AD 769613, Model 1941, Chevrolet Motor Company, Detroit, Mich.	683.00	683.00	General Motors Acceptance Corp., Memphis, Tenn., Amount \$487.00	4/19/41	65.00
A 2263	Chevrolet Pickup Truck, ½ Ton, Serial No. AD 770553, Model 1941, Chevrolet Motor Company, Detroit, Mich.	683.00	683.00	General Motors Acceptance Corp., Memphis, Tenn., Amount \$487.00	4/19/41	65.00
A 2264	Chevrolet Pickup Truck, ½ Ton, Serial No. AD 774921, Model 1941, Chevrolet Motor Company, Detroit, Mich.	683.00	683.00	General Motors Acceptance Corp., Memphis, Tenn., Amount \$487.00	4/21/41	65.00
A 2265	Chevrolet Pickup Truck, ½ Ton, Serial No. AD 770639, Model 1941, Chevrolet Motor Company, Detroit, Mich.	683.00	683.00	General Motors Acceptance Corp., Memphis, Tenn., Amount \$487.00	4/21/41	65.00
A 2266	Chevrolet Pickup Truck, ½ Ton, Serial No. AD 770647, Model 1941, Chevrolet Motor Company, Detroit, Mich.	683.00	683.00	General Motors Acceptance Corp., Memphis, Tenn., Amount \$487.00	4/21/41	65.00
A 2267	Chevrolet Pickup Truck, ½ Ton, Serial No. AD 774776, Model 1941, Chevrolet Motor Company, Detroit, Mich.	683.00	683.00	General Motors Acceptance Corp., Memphis, Tenn., Amount \$487.00	4/21/41	65.00
A 2268	Chevrolet Pickup Truck, ½ Ton, Serial No. AD 770524, Model 1941, Chevrolet Motor Company, Detroit, Mich.	683.00	683.00	General Motors Acceptance Corp., Memphis, Tenn., Amount \$487.00	4/21/41	65.00
A 2269	Chevrolet Pickup Truck, ½ Ton, Serial No. AD 770558, Model 1941, Chevrolet Motor Company, Detroit, Mich.	683.00	683.00	General Motors Acceptance Corp., Memphis, Tenn., Amount \$487.00	4/21/41	65.00
A 2270	Chevrolet Pickup Truck, ½ Ton, Serial No. AD 770040, Model 1941, Chevrolet Motor Company, Detroit, Mich.	683.00	683.00	General Motors Acceptance Corp., Memphis, Tenn., Amount \$487.00	4/21/41	65.00

SCHEDULE A.—*Equipment rental agreement*—Continued

Government Number	Description: Items of Equipment, Serial Number, Manufacturer	Cost or Replacement Value, New	Estimated Present Actual or Insurable Value	Liens, Amount, Name and Address	Date of Delivery to Common Carrier	Rent Per Month 24 Hours Per Day
C 2210	Chevrolet ½ Ton Pickup Truck, Motor No. BD 87559, 1942 Model, Chevrolet Motor Company, Flint, Mich.	\$765.35	\$765.35	None.....	10/8/41	\$110.00
C 2211	Chevrolet ½ Ton Pickup Truck, Motor No. BD-83233, 1942 Model, Chevrolet Motor Company, Flint, Mich.	765.35	765.35	None.....	10/8/41	110.00

Approved:

DENNY-CALDWELL Co., *Lessor.*
B. G. DENNY

Approved:

C. G. ATKIN.
FERGUSON-OMAN COMPANY, *Lessee.*
GLEN E. HOFTO,
Capt. Q. M. C.,
Constructing Quartermaster.

MEMORANDUM No. 97-A

MEMORANDUM

In connection with the affidavit of John Ralls, Mr. Bouck stated that the attempt to construe his initials on this contract and the initials of Lt. Nickelson as signifying their approval is deliberately false and any attempt to so construe the initials on this contract is a deliberate attempt to mislead the Committee. The contract in question being No. 1 purports to have been executed on February 10, with the Denney-Caldwell Company, however, the signatures of the parties to the contract indicate that it was executed on May 2, 1941, and the corporate approval of the Ferguson-Oman Company is dated April 29, 1941. The affidavit of John Ralls attempts to establish that Schedule A reflecting liens for 100% of the value of the equipment was attached to the contract at the time Bouck put his initials on it, thereby signifying approval. An examination of the staple holding the schedule to the contract would indicate that it has been restapled no less than a dozen times and the schedules could have been attached even up to the date of executing the affidavit. Bouck explained that the mimeographed form for the contract was sent to him as Chief of the Equipment Section and to Lt. Nickelson as Engineering Officer so that they could make revisions in the terms outlined in the contract and the initials were placed on the specimen, signifying the contract was approved for form and it is apparent thereafter that contract No. 1 was executed on this approved form, thereby accounting for the initials. To lend further credibility to Bouck's contention, reference is made to affidavit No. 99 also executed by John Ralls concerning a contract with L. T. Maurice being contract No. 56 executed on April 17, 1941, at the time Bouck was still on the project which does not bear any initials of approval and would tend to indicate that initialing the contracts was not the accepted practice as inferred by John Ralls.

The equipment covered by 100% lien consists of 10 chevrolet trucks received on the project February 13, 14 and 22 and the contract purported to have been executed on February 10 contains revised provisions the date of such revision being approximately April 23, see Exhibit 47.

As Exhibit No. 2 to an affidavit executed by John Ralls, No. 48, Construction Division Letter No. 154 dated March 12, 1941, provides on page 7, "No piece of equipment shall be rented against which there is outstanding any lien or encumbrance securing an indebtedness of the owner which indebtedness exceeds 70% of the valuation of the equipment." To indicate the extent of compliance with this provision reference is made to Exhibit No. 22 submitted by O. H. Ellis as late as June 17:

"Approximately 25% of the equipment under rental agreement now in use on the project is subject to liens, some of which are for an amount, not only in excess of 70%, but in some instances 100% of their present value. This information was not given in time to invoke the Government regulation of 70%. As a result of these numerous incumbrances, disputes have arisen between the contractor and lien holders, as well as in an increased amount of audit work and investigation necessary to effect payment to the proper parties. *No verified statement as to liens has ever been submitted.*"

The following affidavits are included in the record in connection with the testimony of T. D. Thomas, *supra* pp. 3055-3074.

AFFIDAVIT No. 98-99

[In connection with this affidavit see Affidavits Nos. 98-A and 99-A on pp. 3629, 3630]

SUPPLEMENTARY TESTIMONY OF A. K. FERGUSON

(Statement prepared immediately following the hearing, to be part of the printed proceedings. Statement is made under the oath taken at the hearing.)

Most of Mr. McCarthy's testimony before the committee at Memphis together with that of Mr. Harrison, was devoted to showing that great quantities of valuable equipment were allowed to remain idle, thereby costing the Government large sums of unnecessary money.

This inference is false at its premise, because there is no way in which the Government can "lose money" through the rental of equipment in view of the recapture provision provided in each rental contract. This really amounts to the purchase of construction equipment on the installment plan.

Thus, if a single piece of equipment were purchased new and allowed to remain idle 100% of the time, the Government could exercise its option to recapture, and both theoretically and actually if it so desired, sell that particular piece and salvage all of the rental paid to date. The only possible expense to the Government would be the 1% per month which is paid the lessor at the time of recapture, as provided in the standard rental contract.

Under current market conditions, with equipment at a premium, it would more than likely be possible for the Government to make a handsome profit through the re-sale of equipment acquired for the Wolf Creek Ordnance Plant to private contractors who are paying premium prices for equipment of this kind due to its extreme scarcity.

A further point which the testimony failed to bring out clearly is the fact that idle time on the Wolf Creek Ordnance job is calculated on a 24-hour, 7-day week. Hence, any piece of equipment which works only 12 hours out of each day 7 days in the week, is presumed to be idle 50% of the time. Consequently, Mr McCarthy's list indicated equipment idle 50% or more of the time included much equipment which was actually working more than a single shift.

It should further be considered that even though a piece of equipment is idle 90% of the time it can more than save its rental cost by its operation during the short time it is used. For example, at the Wolf Creek Ordnance plant is an elevating grader (the only one on the job). This grader concerned the Tool and Equipment section of the CQM very much because it has been allowed to be idle over 90% of the time. In fact, they have insisted on repeated occasions that it be released. Had we released the elevating grader our figures show that it would have cost the Government unnecessary expense of about \$3,000.

This is due to the fact that on certain types of grading operations which occur intermittently, i. e. the grading of road shoulders, loading of trucks with borrowed fill, etc., the cost of handling the dirt with the elevating grader is about one penny per yard as compared with five cents per yard for the cost of handling dirt by other methods.

A check made before our appearance at the committee hearings indicated that this grader had been used on several occasions and had loaded approximately 101,000 cu. yds. of dirt. The saving in expense of handling this small yardage has been about three times the rental and repair bill paid by the Government on this elevating grader.

Had we released this equipment as suggested by the Tool and Equipment department of the CQM, we would have been delinquent in our obligation to protect expenditure of Government funds.

It should be noted that the lists and pictures of idle equipment submitted by Messrs. McCarthy and Harrison cover a very small fraction of the actual 2300 pieces of heavy equipment in use on the job. In other words, these Government representatives questioned our judgment on only a small part of the equipment used at the project.

Had they inquired, as they did not, as to our reasons for insisting on retaining this equipment even though it be idle, they would have learned that this seeming neglect was in reality a deliberate decision on our part which will save about \$280,000 of Government funds.

Their testimony indicates that the equipment was idle immediately prior to the time we began construction on the Milan Ordnance Depot. The equipment questioned by them was being held in reserve for use on this project. As a direct result of having in our possession this equipment at the time the M. O. D. work was begun, we will be able to save approximately three months of time in our construction schedule.

Our overhead for the project averages about \$60,000 per month. Hence, the retention of this equipment contributes to a saving to the Government of, roughly, \$180,000 in overhead expense for the three months time saving on the storage area work.

In all probability it represents an additional saving of \$100,000 due to the fact that we have been able to grade and cover with metal, most of the road mileage in the M. O. D. before bad weather sets in during the winter of 1941-42. The additional cost of forcing the construction of these roads during a period of bad weather could easily be \$100,000, and even with that expenditure it might be impossible, due to extremely bad weather conditions. This, of course, remains to be seen.

Consequently, Messrs. McCarthy and Harrison apparently failed to grasp the motive behind the retention of the small portion of the equipment whose idle time concerned them so seriously. Instead of being an expense to the Government as charged by them, the rental to pay during the idle time represents a tremendous saving to the Government, while the cumulative rental is really an installment payment on purchase at a pre-agreed value in case the Government elects to recapture.

Mr. McCarthy and Mr. Bouek inferred that the contractors had purchased a lot of "junk". They did not mention the fact that 79% of the heavy equipment used on this work is brand new. Consequently, only 21% could be "junk" as charged by them, and they are in the unfortunate position of having approved every piece brought to the work and placed on rental. If the equipment is "junk" as charged by them, these men have been delinquent in the responsibility placed on them by the Government because their signatures must necessarily appear on every document approving each step of the rental transaction. These documents are on file at the site of the work and we would be happy to have an audit made of each one.

Mr. Thomas, former Field Auditor for the CQM, in his testimony before the committee, stated that it was his purpose to "expedite" the work, but that on the Wolf Creek Ordnance plant he was regarded by all as an "obstructionist".

Mr. Thomas was unwittingly an obstructionist due to the fact that he could not keep his auditing work abreast of the required progress of the construction work. He admits this later in his testimony when he tells about insisting on an increase in his staff from 130 to 200 persons, implying that this number was necessary in order to accomplish the work at hand.

At that time the contractors and the Architect-Engineer had a total of approximately 300 persons in the departments supervised by Mr. Thomas' audit section. Two hundred of these persons are included as Material and Time Checkers working for the contractor in the field. In other words, at the time Mr. Thomas requested an increase in his staff, he had one man checking every three men of the contractor, and he was seeking a staff which would have provided two men for every three on the payroll of the contractor.

I have seen auditors work many times but have never seen one who required this many men to supervise the functions of the departments under audit. Hence, there is a very real question raised regarding the efficiency of Mr. Thomas' department and a further question as to who was guilty of a waste of Government money.

The present CQM is operating efficiently in its audit functions with considerably less personnel than was then employed by Mr. Thomas, indicating that his successors have been able to organize their work more efficiently and at reduced cost to the Government. The departments of the contractors have remained substantially unchanged as to numbers and procedure since Mr. Thomas' departure, although the volume of work has been greatly increased.

Mr. Thomas further complained that he was unable to secure proper information and sufficient records from the contractor. At the time this complaint refers to, the CQM was receiving the following accounting information, which was available for Mr. Thomas' use:

- (1) 6 out of 12 copies of all purchase orders.
- (2) 3 copies of the hourly payroll and 4 copies of the administrative payroll, with only 2 copies retained for the contractor's records.

- (3) 4 out of 6 copies of all invoices.
- (4) 5 copies of all vouchers.
- (5) 2 copies of Material Received Reports.
- (6) 2 copies of Equipment Rental rolls.
- (7) 1 copy of the daily report on equipment repairs.
- (8) 2 copies of the daily construction report, giving numbers of men working in each area and department according to their payroll classification, number of pieces of equipment on the job, number of administrative employees, work accomplished each day in the field.
- (9) All other reports and basic accounting data were furnished, with sufficient copies to provide the CQM audit section with a complete file of original basic data to explain in detail the nature of every financial transaction throughout the job.

It should be borne in mind that the contractor is held responsible by the Government for every mistake it makes in any financial transaction carried out under the contract. The only thing the Government has to do to recoup any alleged loss is to point out a specific instance of improper procedure and then refuse to reimburse the contractor for it.

Mr. Thomas was duty bound to do this and could have done it at any time on his own initiative without going to the CQM, the FBI, the Commercial Appeal, or any outside agency. He was equipped with the necessary power and authority to refuse reimbursement for any transaction which he personally deemed unsound.

To the best of my knowledge he did not do this in any instance of major importance. The only reason which can therefore be attributed for his failure to do so would be that he was unable to produce specific data on which to base his refusal to approve expenditures of the contractor. If conditions had been as Mr. Thomas alleges they were in his testimony, he had only to refuse to authorize reimbursement on the strength of his own authority, and he was duty bound to do so.

Consequently, it can only be concluded that in failing to disapprove financial transactions of the contractor he had failed to uncover anything as irregular as his public testimony would indicate.

Mr. Helzel made the statement in his testimony that he could have reduced the staff of the contractor to 90 men and save the Government money had the time-keeping function been referred to him.

The timekeeping is presently being performed by the CQM under the supervision of a man equally as intelligent and as able as Mr. Helzel. The CQM time-keeping presently numbers about 115 men which closely parallels the numbers of men formerly employed by the contractor when the timekeeping function was performed under his supervision.

Mr. Helzel made great capital out of the fact that 57 men in the employ of the Architect-Engineer and the contractor were earning over \$5,200 per year. It should be pointed out that this figure included highly specialized engineers supervising their respective departments, all of whom were being paid additional monies out of the pocket of the Architect-Engineer because their services were valued on the open market at rates higher than those allowed by the Government.

This group of 57 men also included the superintendents of construction overseeing the construction work in 36 separate areas each of which was in reality a separate job of substantial size.

It further included department heads in our purchasing, accounting, personnel, electrical maintenance and other necessary and important departments of our organization.

This ratio amounts to about one high-priced man for every 260 employees, since there were 15,000 persons working at the peak period.

It should further be remembered that many foremen who are hourly mechanics, will earn more than \$4,000 this year due to long overtime operations and 7-day per week schedules, on which they are presently employed on various projects throughout the country. In the light of this fact, Mr. Helzel's statement that there were 146 employees on our job making more than \$4,000 per year, is not astounding.

Mr. Helzel further stated that the Lavinia time gate had not been used and inferred that it had been uselessly built.

The original intention of the planners of the project was to utilize five separate entrance gates in order to avoid traffic congestion both within and without the confines of the project. The Lavinia gate was one of these entrances planned to serve employees coming from Lexington and Jackson. These two locations house many of our employees, as a survey of our records will indicate, and the Lavinia gate was the route through which they would have entered the reservation.

After the gate was constructed, the State of Tennessee decided to repair the road leading to this gate, and blocked it to all traffic for a distance of 8 miles. Hence it was no longer possible to gain access to the property from either Jackson or Lexington via this gate. Consequently, it was of necessity abandoned.

A. KINGSLEY FERGUSON.

AFFIDAVIT No. 98-A

I, Philip W. Harrison, having been sworn previously in this proceeding make the following statement in the further support of my testimony to Mr. H. G. Robinson, knowing him to be an Investigator of the Special Senate Committee Investigating the National Defense Program.

I have read the affidavit entitled, "Supplementary testimony of A. K. Ferguson", which pertains to the testimony given by Mr. J. F. McCarthy and myself with respect to equipment. Mr. Ferguson contends that it was impossible for the Government to "lose money through the rental of equipment in view of the recapture provision provided in each rental contract and even if the equipment remained idle 100% of the time and the Government exercised its option to recapture, the only expense to the Government would be the 1% paid to the Lessor and under current conditions it would be possible for the Government to make a handsome profit through the resale of the equipment due to its extreme scarcity". Mr. Ferguson loses sight of the fact that the Government had not determined at the time the equipment was rented that it would be definitely recaptured and such subsequent recapture by the Government is based theoretically on the assumption that the Government has actual need for the equipment on other projects and not with a view to speculating in the resale possibilities because of present day conditions. Naturally, it is part of the duties of the Equipment and Tool Section to consider the need for the equipment and, if it is not necessary to criticise the rental of items which would ordinarily remain idle on the job. Contrary to Mr. Ferguson's assertion, there is no reason for having equipment on the project remaining idle and the fact that the Government could resell it at a profit would not, and should not, enter into the consideration governing the need for the equipment. Mr. Ferguson concedes that the Equipment and Tool Section had insisted that an elevating grader (not the only one on the job) be released. However, Mr. Ferguson does not indicate the basis for his assumption that the release of the grader would have cost the Government unnecessary expense of about \$3,000; nor does he indicate the source from which he obtained an estimate of 101,000 cubic yards of dirt, which he contends were moved by this grader on the few occasions that it was used. Mr. Ferguson advances the argument that 2,300 pieces of heavy equipment were used on the job but yet only a very few items were criticised by Mr. McCarthy and myself. I believe the testimony will show that the instances cited by Mr. McCarthy and myself were not represented as including all instances subject to criticism but were only selected items submitted as representing conditions which prevailed with respect to countless other items.

Mr. Ferguson states that if we had inquired as to the reasons for retaining the equipment even though it was idle, we would have learned that this seeming neglect was in reality a deliberate decision which will save about \$280,000 of Government funds. Where Mr. Ferguson obtains the figure of \$280,000 is unknown to me but as to our inquiring as to the reasons the equipment was held when it was idle, I refer to communications from the files of the Constructing Quartermaster, as well as a list submitted as an exhibit in this case. The subsequent correspondence on the list will be self-explanatory as to the willingness on the part of the contractor to advance any explanation for the equipment being idle.

Mr. Ferguson further argues that one reason the equipment was idle, was so that it could be used on the construction work for the Milan Ordnance Depot which had not yet gotten underway and the equipment was held in a reserve making it possible to expedite the construction of the Milan Ordnance Depot approximately three months over the schedule and thereby saving \$180,000 in overhead expenses. Despite the fact that there is no basis shown for this estimate, the engineering work on the Milan Ordnance Depot started within two months after the Wolf Creek Project got underway and any delay was occasioned by the War Department trying to determine whether the contract negotiated for the project would be handled as an independent project or as a supplement. Obviously, any equipment on the Wolf Creek Project which was deemed necessary on the Milan Ordnance Project after it got underway and which required being held idle for any extended length of time should not have been drawing rent. The government received no benefit in the way of work performed and arrangements should

have been worked out with the vendors to waive rental until the items were again put into operation. This is a possible saving not mentioned by Mr. Ferguson. In any event, had suitable explanation been made to the Equipment and Tool Section along the line outlined by Mr. Ferguson at the time we were pressing the contractor for explanation, I doubt if any criticism would have been directed toward this particular equipment remaining idle.

Mr. Ferguson's argument that \$100,000 (a figure without support) was saved by being able to construct the roads before the bad weather set in during the winter of 1941 and which was made possible by having an extensive amount of equipment on hand, does not appear to have any merit when the circumstances relating to the chert contracts are digested.

It is interesting to note that Mr. Ferguson points out that 79% of the heavy equipment was new and only 21% could be characterized as "junk", as he contends Mr. McCarthy and myself so stated. It is noted, in this connection, that due to extensive purchases from Taylor Hale and other dealers, details of which purchases have already been reviewed by the Committee, the figure of 79% for new equipment is undoubtedly correct. Concerning this new equipment, the Equipment and Tool Section had no occasion to question the value inasmuch as it had been purchased on bids nor would we question its condition inasmuch as it was delivered brand new. Mr. McCarthy and myself testified that any equipment we referred to as "junk" was equipment that had been used by contractors, particularly the Oman Construction Company, Walters and Prater, and the Couch Construction Company on other projects and was brought to the Wolf Creek Ordnance Plant either greatly overvalued or in poor condition. Even 21% as outlined by Mr. Ferguson would represent a sizable amount of the total value of heavy equipment on the job and in view of the value represented, it warranted the close scrutiny and subsequent criticism of the Equipment and Tool Section which was directed to it.

(Signed) PHILIP W. HARRISON.

Sworn to and subscribed to before me, at Minden, La., January 23, 1942,
County of Webster.

[SEAL]

NANCY LEE, *Notary Public*.

Lifetime commission.

AFFIDAVIT No. 99-A

Reference is made to a typed statement subscribed by A. Kingsley Ferguson, undated, not witnessed, without oath but captioned as follows:

SUPPLEMENTARY TESTIMONY OF A. K. FERGUSON

(Statement prepared immediately following the hearing, to be part of the printed proceedings. Statement is made under the oath taken at the hearing.)

Mr. Ferguson states "Mr. Thomas was unwittingly an obstructionist due to the fact that he could not keep his auditing work abreast of the required progress of the construction work". He continues with words to the effect that my request for additional personnel was tantamount to an admission of our inability to keep abreast of the construction. Mr. Ferguson's argument could possibly sound logical to the uninformed.

However, he clouds the issue by the word "construction". The Field Audit encountered no difficulties in keeping abreast of the "construction" but it never saw the day that it was abreast of the irregularities, the subterfuges and waste appertaining to that construction. As obstructionists to these phases of the Contractors' activities every member of the Field Audit Staff is proud of the pseudonym. I believe Mr. Ferguson understands that in an endeavor with no waste, no subterfuge, in fact with no irregularities, the office of the Field Auditor is most inconspicuous and busies itself with the performance of routine duties. However, the presence of the Field Audit Staff is always conspicuous to a greater or less degree in a direct ratio with the number of perpetrations or attempts to perpetrate irregularities, waste, subterfuge and fraud against the United States Government. In this particular I wish to state that the Field Audit Staff at the Wolf Creek Ordnance Plant never reached the required number of personnel and moreover, through some influence, the source of which I can only suspect, the Field Audit Staff was reduced in personnel from 130 to 90 individuals at the most critical time of its operations under my supervision.

With the same thought in mind, I wish to quote from the last paragraph of a letter of "Protest" which I directed to Captain Carlton, Executive Officer, under date of May 22, 1941, as follows: "Your consideration is invited to the undeniable fact that should every individual concerned in the construction of the Wolf Creek Ordnance Plant be conscientiously perfect in intent, action and judgment, the office of the Field Audit would then really become an unnecessary activity".

I repeat that the conduct of the Field Audit Staff and the number of personnel required to function that staff are contingent wholly upon the frequency of overt acts committed by the Contractors.

Mr. Ferguson states "At that time the Contractors and Architect-Engineer had a total of approximately 300 persons in the department supervised by Mr. Thomas' audit sections". This statement is not in agreement with the facts. At no time was the personnel of the Ferguson-Oman Company and the H. K. Ferguson Company, engaged in the pursuits stated, at the low number stated. The ratio which prevailed was one Government checker to five Contractors checkers and the spread was much greater most of the time. In order to protect the interests of the Government it would have been necessary to have had man for man under the conditions at the Wolf Creek Ordnance Plant.

Mr. Ferguson suggests that, in asking for the necessary personnel to check the activities of the Contractor, the Field Audit (quote Mr. Ferguson) "was guilty of a waste of Government money". He bases his conclusion on the assertion (quote Mr. Ferguson) "I have seen auditors work many times but have never seen one who required this many men to supervise the functions of the department under audit". I take no exception to this last statement. Likewise, in my opinion, it was a deplorable condition and without irregularities on the part of the Contractors or with less vigilance on the part of the Field Audit the situation could have and would have been handled with much fewer personnel.

Pertaining to Mr. Ferguson's statement regarding the efficiency of the "present C. Q. M." I have to state that there may be one or several of many reasons for his opinion in that respect: it may even be due to the fact that the Contractors have improved their conduct since the project is well nearing completion and is also under investigation. However, I do know that one more Field Auditor has resigned since I left the project and I do know that, regardless of his written reasons for resigning, he stated to me that 'he did not intend to stay there and stand for the things which I had endured and these Contractors were either going to behave or he would walk out'. He's gone. The Contractors and the C. Q. M. are there.

Mr. Ferguson's statement regarding information and records is meaningless since my testimony was to the effect that members of the Field Audit staff were refused access to the records. I stand on my testimony and believe that the files are replete with complaints from my men on this subject. I believe that permission to examine the Property Records, under Mr. Jos. McCarran was refused by the Contractors to cover up the fact that there were no satisfactory records. I have reason to believe that, late in June, 1941, an effort to establish Property Records was in process.

Now Mr. Ferguson reaches the matter of Vouchers for reimbursement and his reasoning savors much of tutoring by Mr. Jesse McKoin of the Zone Auditors' Staff. This is the same Mr. McKoin who apparently overlooked his duty in assisting me, through his superior Mr. Tracy Newton, in bringing to account the Contractors on the Wolf Creek Ordnance Plant.

Mr. Ferguson states, in effect, that I was "duty bound" to refuse reimbursement on vouchers. I will for the moment pass his insinuating reference to the C. Q. M., the F. B. I., and the Commercial-Appeal. It is a physical impossibility for a Field Auditor to personally inspect Vouchers and his organization is therefore arranged in a manner to accomplish such inspection before the Vouchers reach his desk. The Field Auditor signs the Vouchers on the basis of their approval by the Chief Fiscal Auditor whose approval is identified by the appearance of his initials thereon. The Government has the right of recovery for many years on funds paid by it in error and it has the right of recovery forever on funds paid by it through fraud.

The Contractors are always short of money and Vouchers come through in volume and in quantities. The Constructing Quartermaster, the Zone and Washington insist upon prompt reimbursement to the Contractors. How fast are you reimbursing the Contractors? That is the first question from a visiting representative from the Inspector General, from the Quartermaster General, from the Zone Constructing Quartermaster, or from the Zone Supervising Auditor. Neither the approval of the Field Auditor nor the approval of the Constructing

Quartermaster is final on a Voucher for reimbursement nor should they be so, for the abused word "emergency" and the accusation of "holding up the Project" are held over them as constant threats to accomplish their desire to get Government cheques quickly and often.

The responsibility for avoiding deception, fraud and all irregularities rests solely with the Contractors and the penal code appears on his voucher before he signs it. In appealing to Contractors in respect to the preparation of their vouchers I always explain that it is my desire that they should not only get their money promptly but that they should be able to keep it.

Regarding Mr. Ferguson's insinuation in referring to the F. B. I. and the Commercial-Appeal I assume that I shall aid him in getting information by the theory of deduction since he has failed in other methods.

I am on record under oath with the Inspector General to this effect which is repeated for Mr. Ferguson's benefit: I have never given an interview or a statement pertaining to the Wolf Creek Ordnance Plant to any newspaper correspondent, reporter or other newspaper representative although I have been approached in person and by local and long distance telephone.

I have never initiated an interview with an agent of the F. B. I. in connection with affairs at the Wolf Creek Ordnance Plant. I have, in my own office, when called upon by agents of the F. B. I., answered all questions truthfully which is an obligation and a duty of every citizen of the United States.

I feel no obligation to respond to Mr. Ferguson's exposure of his own character when he openly employs such despicable tactics but since his reference "smells" of sinister influences, perhaps outside his own organization, I hasten to eliminate myself in connection with the performance of an act of which any patriot might be justly proud, considering conditions at the Wolf Creek Ordnance Plant.

T. D. THOMAS.

Witness:

H. G. ROBINSON.

STATE OF TENNESSEE,
County of Madison.

Personally appeared before me, Ora MacMillin, a Notary Public in and for said State and County, Mr. T. D. Thomas, with whom I am personally acquainted, who acknowledge the foregoing instrument was executed by him, and that the facts contained therein are true and correct.

In witness whereof, I have hereunto affixed my hand seal of Office, this the 11th day of December, 1941.

[SEAL]

ORA MACMILLIN, *Notary Public.*

My commission expires August 8, 1944.

AFFIDAVIT No. 100

[In connection with this affidavit see Affidavit No. 100-A on p. 3633]

STATE OF TENNESSEE,
County of Gibson.

Personally appeared before, the undersigned authority, E. J. Whitcher, who being duly sworn, deposes as follows:

My name is E. J. Whitcher and at the present time, I am employed by the Procter and Gamble Defense Corporation as Chief Buyer at the Wolf Creek Ordnance Plant. My residence is #8 Whitthorne Drive, where I reside in one of the Wolf Creek Ordnance Plant staff houses.

My attention has been called to the testimony of Mr. Thomas before the Senate Investigating Committee on November 25, 1941, at Washington. I understand that Mr. Thomas testified that there was lack of understanding of the requirements with respect to discounts, and intimates that the Government lost by reason of not observing good business practice in connection with buying as to discounts. This is an absolute untruth.

I have been employed by the Procter and Gamble Company since 1901, during which time for thirty years I was connected with buying and purchasing in the general Purchasing Office at Cincinnati, Ohio. When the Wolf Creek Ordnance Plant project was first started, I was given a leave of absence and loaned to the Ferguson-Oman Company by the Procter & Gamble Company, to become director of purchases for the Ferguson-Oman Company. I reported at Milan to assume my duties on the morning of February 3, 1941.

It is the practice of the Procter & Gamble Company to avail themselves of any and all trade and/or cash discount if and when available. This had been my training and business practice for thirty years. Therefore, I was entirely familiar with this feature of doing business and this is one feature which from the beginning of the Purchasing Department of the Ferguson-Oman Company, was rigidly adhered to. All employees in the Purchasing Department were instructed fully on this subject and I saw to it that they carried out my instructions.

Shortly thereafter, I recall that I had an extended conference with Mr. John Oman Jr, in the Purchasing Department's temporary office in the Milan Post-office, Milan, Tennessee. Mr. Oman brought up the matter of discounts of his own accord, being very emphatic that in all instances the available discounts must be protected for the good of the Government. As my previous training and practice in this connection had been very thorough and as I had already taken the necessary steps in this connection, I thoroughly agreed with Mr. Oman.

Mr. Oman then suggested, and I agreed with him, that it would probably be better if we got all concerns to quote a net price after allowing for any available cash discounts and buy on that basis, i. e., terms net cash. This procedure was put into effect and was carried out for sometime. In this way the Government's interest was fully protected as any and all discounts were deducted before the bill was rendered.

Thereafter, Mr. Thomas and Mr. Meybohm of the Construction Quartermaster's office, ordered us to discontinue this sound business practice, stating that we should revert to the method of buying with discounts allowed for prepayment within ten days. This was immediately complied with and thereafter purchases were made as instructed by Mr. Thomas and Mr. Meybohm, showing that the payment was subject to discount, if a discount was available. Naturally, as in all business dealings, there are some purchases on which the vendor allows no discount.

The Government's interest in this connection was carefully looked after and fully protected.

E. J. WHITCHER.

Subscribed and sworn to before me this 27 day of Nov 1941.

O. W. JONES, *Notary Public*.

My Commission Expires May 20, 1945.

AFFIDAVIT No. 100-A

Reference is made to a sworn affidavit signed by Mr. E. J. Whitecher under date of November 27, 1941:

During the period of my services as Field Auditor for the Quartermaster Corps, at the Wolf Creek Ordnance Plant, Mr. Whitecher was employed by the Ferguson-Oman Company in the capacity of "Purchasing Agent Chief" and subsequently, in the capacity of "Director of Purchases," in each instance at a salary in the amount of \$161.52 per week, approximately \$8,400.00 per annum, barely escaping the maximum of \$9,000.00 established by the Government to be the maximum salary allowable to any employee of the Contractors.

Incidentally the maximum of \$9,000.00 had already been reached in the salaries of Mr. Panero, Mr. Olson and Mr. McInerney and close approaches, as in the case of Mr. Whitecher, were numerous.

Mr. Whitecher's former employment, according to his own statement was, for a period of thirty years with the Procter & Gamble Company, who were and are manufacturers of soap, certain cosmetics and kindred products. The Wolf Creek Ordnance Plant is an endeavor of gigantic proportions requiring a Purchasing Agent of experience and skill in construction purchases. Mr. Whitecher's maximum salary while in the employ of Procter & Gamble Company was in the amount of \$475.00 per month; therefore, his employment at the Wolf Creek Ordnance Plant produced, for him, an increase in salary in the amount of \$225.00 per month.

Mr. Whitecher is now engaged as "Chief Buyer" in an organization operating in the manufacture and storage of high explosive munitions, the Procter & Gamble Defense Corporation. This too requires a Purchasing Agent of much technical experience and skill.

Mr. Whitecher in an affidavit executed in Gibson County, Tennessee, under date of November 27, 1941, refers to testimony heard in Washington November 26, 1941. He asserts that this affiant testified (quote Mr. Whitecher) "that there was lack of understanding of the requirements with respect to discounts, and inti-

mates that the Government lost by reason of not observing good business practice in connection with buying as to discounts. This is an absolute untruth". (end quote) It is now re-asserted that there was either lack of understanding or willful violation of Government requirements in regard to Ferguson-Oman Company purchases which were vouchered for reimbursement with Government Funds, and it is further asserted that such practices were continued beyond all bounds of reason. In this connection there is submitted herewith, for the records, a copy of a letter directed to Captain Horridge, Constructing Quartermaster, under date of March 21, 1941. This letter, it should be understood, was finally transmitted after all oral persuasion had failed. It may also be noted that the practice of withholding contract terms from the Government was in vogue as recently as July 30, 1941. This condition is evidenced by change in Purchase Order numbered 562, dated August 11, 1941, which confesses a 5% discount applicable to Purchase Order numbered 4439, which discount was hitherto unknown to the Government, and it is pertinent that this Change Order is dated August 11, 1941, which is a date subsequent to the initiation of the Truman Committee Investigation and, further, this particular Purchase Order has been under scrutiny during the Investigation. As at August 11, 1941, there had been issued 562 Change in Purchase Orders, a very great number in proportion to the number of Purchase Orders constituting, at least, an admission of inefficiency, and it is recommended that each Purchase Order and each and every Change in Purchase Orders issued by the Contractors be thoroughly investigated.

Mr. Whitcher's sworn statement branding my assertion that the Government may have lost by the irresponsible conduct of his Purchasing Department speaks for himself, only, and the final verdict can be decided by but one process, namely, a detailed audit and a detailed investigation into all of the activities of the Purchasing Department of the Contractors, commencing with the first Purchase Order issued at the Wolf Creek Ordnance Plant. This has been my plea for months and it is my recommendation today.

Pertaining to Mr. Whitcher's claims as set forth in paragraphs three and four of his affidavit, I wish to again direct your attention to the fact that Mr. Whitcher's proclivities as a buyer for a soap manufacturer did not necessarily qualify him as an expert buyer for a program such as the construction of the Wolf Creek Ordnance Plant.

Mr. Whitcher states that the office of the Field Auditor "ordered" his Department to "revert to the method of buying with discounts allowed for prepayment within ten days". This claim is a definite statement known positively to be false. The office of the Field Auditor never, at any time, even as much as indicated that purchases should be effected on a net basis, or with or without discounts. The Field Auditors did insist that all of the terms of every contract be made known to the Government. In the case of Purchase Orders involving reimbursement from Government Funds, the discount, if any, is one of the terms of the contract which is of concern to the Government, and which was repeatedly concealed from the Government.

The files and the records of the Wolf Creek Ordnance Plant will verify the accuracy of this affidavit and it is urgently recommended that a detailed audit and a thorough investigation of the General Records of the H. K. Ferguson Company and the General Records of the Ferguson-Oman Company be executed as an important phase of any effort contemplated by the Government.

It is observed that the Notary Public failed to imprint his seal on Mr. Whitcher's affidavit.

T. D. THOMAS.

Witness

H. G. ROBINSON.

STATE OF TENNESSEE,

County of Madison.

Personally appeared before me, Ora MacMillin, a Notary Public in and for said State and County, Mr. T. D. Thomas, with whom I am personally acquainted, who acknowledged that the foregoing instrument was executed by him, and that the facts contained therein are true and correct.

IN WITNESS WHEREOF, I have hereunto affixed my hand and seal of Office, this the 11 day of December, 1941.

[SEAL]

ORA MACMILLIN, *Notary Public.*

My commission expires August 8, 1944.

AFFIDAVIT No. 101

[In connection with this affidavit see Affidavit No. 101-A on p. 3638]

STATE OF TENNESSEE,
County of Carroll.

Personally appeared before me, the undersigned authority, E. J. Whitcher, who being duly sworn deposed as follows:

My name is E. J. Whitcher, and at the present time I am employed by the Procter & Gamble Defense Corporation as Chief Buyer at the Wolf Creek Ordnance Plant. I live at #8 Whitthorne Drive in one of the staff houses at Milan, Tennessee.

I have been employed by the Procter & Gamble Company since 1901, and when the Wolf Creek Ordnance Plant project was started I was given a leave of absence and loaned to the Ferguson-Oman Company by the Procter & Gamble Co., to become Director of Purchases for the Ferguson-Oman Company. I reported at Milan, Tenn. for duty on the morning of February 3, 1941, and immediately assumed my duties as Director of Purchases. Prior to the time I appeared on the job there had been approximately fifty (50) purchase orders issued by Mr. A. Kingley Ferguson, covering items which were necessary to set up an office and prepare for the construction of the project which was about to begin.

My attention has been called to the testimony of Mr. T. D. Thomas before the Senate Investigating Committee in Washington, D. C. on November 26, 1941, and I understand that Mr. Thomas testified that in the beginning purchase orders of Ferguson-Oman Company and The H. K. Ferguson Company were not numbered. This statement is not true.

The purchase orders were numbered from the beginning, with the first purchase order of the Ferguson-Oman Company numbered 1 having been issued on January 22, 1941, covering miscellaneous office supplies, and the purchase orders thereafter were all numbered consecutively with the prefix T. This method of numbering and recording the purchase orders was good business practice and was adopted as purchases were necessary and no detailed instructions had as yet been received from the Government for the recording of purchase orders. This method was instituted by Mr. A. Kingsley Ferguson, and as it was sound business practice I followed the same procedure.

Mr. Thomas did not come to work on the job until about February 15, 1941, and prior to that time we had been numbering and issuing four (4) copies of purchase orders, and furnishing the Constructing Quartermaster with proper copies of the same. Thereafter, we were instructed, through the Constructing Quartermaster's office, to issue eight (8) copies. Later we were instructed by the Constructing Quartermaster's office to make a total of twelve (12) copies of each purchase order. The Purchasing Department promptly complied with the instructions of the Constructing Quartermaster's office and the necessary copies were always prepared and furnished as instructed. Before the purchase order was forwarded to the Vendor it was approved by the Constructing Quartermaster and his copies were retained by the Constructing Quartermaster's office. All other instructions of the Constructing Quartermaster's office were complied with.

Although we had been numbering all purchase orders beginning with No. 1 and consecutively thereafter, a meeting was had on March 8, 1941 at which Captain J. Horridge, Constructing Quartermaster, Lt. C. H. Bruce, Purchasing Officer and Special Assistant to the Constructing Quartermaster, and Mr. T. D. Thomas were present from the Constructing Quartermaster's office; and Mr. C. G. Atkin and Mr. W. A. Walsh were present for the Ferguson-Oman Company, thereafter I received a communication signed T. D. Thomas, Field Auditor, requiring the Purchasing Department to rewrite all purchase orders previously issued, numbering the same beginning with No. 1001 and consecutively thereafter. At that time we had issued 612 Ferguson-Oman purchase orders numbered from T-1 to T-612 consecutively; and had issued 99 H. K. Ferguson Company's purchase orders from T-1 to T-99 consecutively. It was necessary, in order to comply with instructions from Mr. Thomas, to work a night crew and to work on Sunday, March 16, 1941. In order to rewrite all of these purchase orders the Constructing Quartermaster authorized the payment of overtime to the clerks and typists for this work which was made necessary by the instructions of Mr. Thomas.

The Purchasing Department always promptly carried out all instructions of Mr. Thomas, the Constructing Quartermaster, and Lt. Bruce.

Mr. Thomas, I understand, further testified that there was a great deal of confusion in connection with purchases. The Purchasing Department operated as efficiently as possible considering the fact that the project was just getting under way and there was always present a large number of salesmen and representatives to be interviewed, as well as long distance telephone calls, telegrams, and letters soliciting business to be considered.

I have had thirty years experience in the Purchasing Department of the Proctor & Gamble Company. The work done and results obtained by the Purchasing Department of the Ferguson-Oman Company was honestly carried on along sound business principles and as efficiently as possible.

I did not know Mr. Thomas and had not met him until sometime after the 1st of March, 1941.

Purchase order forms of the H. K. Ferguson Company with appropriate type-written changes for purchases of the Ferguson-Oman Company or the H. K. Ferguson Company were used from the beginning, with a separate series for each as explained above, and every purchase order issued bore a number.

Proper purchase order copies were furnished the Construction Quartermaster's office; and after twelve (12) copies were made they were distributed as follows:

The original to the Vendor, the 2nd, 3rd, and 4th copies were sent to Mr. Thomas, the 5th copy to an Auditor of the Ferguson-Oman Company, the 6th copy to Lt. Bruce, Purchasing Officer and Special Assistant to the Constructing Quartermaster, the 7th copy to Ferguson-Oman Receiving Department, the 8th and 9th copies were retained in the Purchasing Department, the 10th to the Ferguson-Oman Expediting Department, the 11th copy to Ferguson-Oman Company's Property Section, and the 12th copy to the Fiscal Auditor of the Ordnance Department. Bid tabulations as required by the Constructing Quartermaster were always furnished.

I enclose herewith photostatic copies of the first, second and third purchase orders issued by Ferguson-Oman Company which are numbered 1, 2, and 3, and are made exhibits 1, 2, and 3 to this affidavit. All other purchase orders and records are on file in the office of the Purchasing Department of the Ferguson-Oman Company.

E. J. WHITCHER.

Sworn to and subscribed to before me this 26 day of November, 1941.

[SEAL]

WINFRED H. LANCASTER, *Notary Public*.

Registered as a Notary Public in Henderson, Carroll, and Gibson Counties, Tenn., as provided by Chap. 193, Public Acts of Tennessee 1935.

My Commission Expires July 10th, 1945.

[Exhibit 1 attached to Affidavit No. 101]

PURCHASE ORDER

THE H. K. FERGUSON COMPANY

From: Ferguson-Oman Company

Address all Invoices, Statements and Correspondence relative to this order to us at Milan, Tennessee.

Ordered from Yekley & Cook Company.

Name of Job

Address 311-Church St., Nashville, Tennessee.

Wolf Creek Ordnance Plant

Deliver to Ferguson-Oman Co., at Milan, Tennessee.

W. O. No. 887, P. O. No. T-1

Via: Your Delivery.

(These numbers must appear on all invoices. Correspondence and shipping memorandum)

Ordered 1-22 1941.

Required 1-22 1941.

Important: Each order must have a separate invoice rendered in triplicate.

Invoices not in our office by the 3rd day of the month following date of delivery, will not be paid until following month.

Terms: 2 per cent. deducted the 15th of month following delivery unless otherwise agreed.

	Cost Dist.
1 Dz. #4518 Col. Pads, 9.00 Doz-----	9. 00
1 Dz. 6906W Col. Pads, 5.40 Doz-----	5. 40
2 M Yellow Second Sheets, .75 M-----	1. 50
1 Ideal Moistener, 1.50-----	1. 50
3 Sponge Cups, .25 Ea-----	. 75
1 Box Gummed Eyelets, .10-----	. 10
300 Letter Size Folders, 3.60 Per C-----	10. 80
200 Aico Folders, 9.00 Per C-----	18. 00
6 Sets A-Z Indexes, Letter Size, 2.00 Set-----	12. 00
25 #4 O. G. Waste Baskets, 1.00 Ea-----	25. 00
2 Doz. #7433 Col. Pads, 2.00 Doz-----	4. 00
12 Boxes Staples, 1.00 Box-----	12. 00
2 #2 Cooks Time Stamps, 4.00 Ea-----	8. 00
	<hr/>
	106. 05

Terms: Net 30 days.

Confirming. Do not duplicate.

Furnish six copies all invoices.

The Vendor herewith accepts exclusive liability for the payment of any and all contributions, assessments and/or taxes for State and/or Federal unemployment insurance or old age pension funds on work performed under the terms of this purchase order.

Executive Office: Cleveland, O.
Executive Office Copy.

By FERGUSON-OMAN COMPANY,

Purchasing Agent.

[Exhibit 2 attached to Affidavit No. 101]

PURCHASE ORDER

THE H. K. FERGUSON COMPANY

From: Ferguson-Oman Company.

Address all Invoices, Statements and Correspondence relative to this order to us at Milan, Tennessee.

Ordered from: Lashlee-Rich Lumber
Company,

Name of Job

Address: Humboldt, Tenn.

Wolf Creek Ordnance Plant

Deliver to Ferguson-Oman Company,
at Milan.

W. O. No. 887 P. O. No. T-2.

Via: Your truck.

(These numbers *must* appear on all invoices, correspondence and shipping memorandum)

Ordered 1-23, 1941.

Required 1-23, 1941.

Important: Each order must have a separate invoice rendered in triplicate.

Invoices not in our office by the 3rd day of the month following date of delivery will not be paid until following month.

Terms: 2 per cent deducted the 15th of month following delivery unless otherwise agreed.

	Cost. dist.
190 Sq. Ft. J. M. Asphalt Tile, flooring Mahogany Finish, @ .18 Ft-----	34. 20
1 Gal. Floor Mastie J. M., 2.66 Gal-----	2. 66
2 Rolls ¾" Deadening Felt, @ 2.04 Roll-----	4. 08
	<hr/>
	40. 94

Terms: 2% 10th Prox.

Used in school building.

Confirming Order—do not duplicate.

Furnish six copies all invoices.

The Vendor herewith accepts exclusive liability for the payment of any and all contributions, assessments and/or taxes for State and/or Federal unemployment insurance or old age pension funds on work performed under the terms of this purchase order.

Executive office: Milan, Tenn.
Executive Office Copy.

By FERGUSON-OMAN COMPANY,

Purchasing Agent.

[Exhibit 3 attached to Affidavit No. 101]

PURCHASE ORDER

THE H. K. FERGUSON COMPANY

From: Ferguson-Oman Company.

Address all Invoices, Statements and Correspondence relative to this order to us at Milan, Tennessee.

Ordered from: Yokley & Cook, Company.

Name of Job

Address: 311 Church St., Nashville, Tenn.

Wolf Creek Ordnance Plant

Deliver to Ferguson-Oman Company, at Milan, Tennessee.

W. O. No. 887 P. O. No. T-3.

Via: Your Delivery.

(These numbers *must* appear on all invoices, correspondence and shipping memorandum)

Ordered 1-24, 1941.

Required 1-24, 1941.

Important: Each order must have a separate invoice rendered in triplicate.

Invoices not in our office by the 3rd day of the month following date of delivery will not be paid until following month.

Terms: 2 per cent deducted the 15th of month following delivery unless otherwise agreed.

	<i>Cost dist.</i>
10 M #10 Return Envelopes Prtg., 45.00 Lot.....	45. 00
1 M #12 Return Envelopes Prtg., 11.80 Lot.....	11. 80
1 M #14 Return Envelopes Prtg., 12.50 Lot.....	12. 50
1 M #9 x 12 Return Envelopes Prtg., 20.50 Lot.....	20. 50
1 M #10 x 13 Return Envelopes Prtg., 24.00 Lot.....	24. 00
1 M #10 x 15 Return Envelopes Prtg., 30.00 Lot.....	27. 00
1 M #11¼ x 14¼ Return Envelope Prtg., 30.80 Lot.....	30. 00
1 M #12 x 15½ Return Envelope Prtg., 35.00 Lot.....	35. 00
	205. 80

These printed for Captain Horridge.

Confirming, do not duplicate.

Terms: net 30 Days.

Furnish six copies all invoices.

The Vendor herewith accepts exclusive liability for the payment of any and all contributions, assessments and/or taxes for State and/or Federal unemployment insurance or old age pension funds on work performed under the terms of this purchase order.

Executive office: Milan, Tenn.
Executive Office Copy.

FERGUSON-OMAN COMPANY,
By _____
Purchasing Agent.

AFFIDAVIT No. 101-A

Reference is made to a sworn affidavit signed by Mr. E. J. Whiteher under date of November 26, 1941.

It is noted that Mr. Whiteher's affidavit was executed in either Henderson, Carroll or Gibson County, Tennessee, on November 26, 1941, and refers to my testimony before the Truman Senate Investigating Committee in Washington on the same day.

Mr. Whiteher's first title with the Ferguson-Oman Company at the Wolf Creek Ordnance Plant was that of "Purchasing Agent Chief." On April 20, 1941, his title was improved, to be known as "Director of Purchases"; no change in salary, his compensation remaining at \$161.52 per week, an amount exceeding by \$225.00 per month the maximum salary which he had received prior to his appearance at the Wolf Creek Ordnance Plant. This substantial increase in salary was, no doubt, considered proper, due to the fact that his services to the Government, in controlling purchases for a large construction job, were invaluable on account of his thirty years experience in supervising purchases for a large soap manufacturer.

Mr. Whiteher affirms that I testified to the effect that Purchase Orders were not numbered, adding "This statement is not true". Mr. Whiteher is, characteristically, seizing upon a technicality in this connection. I did not make, nor write, any statement to the effect that Purchase Orders were not numbered. The fact

of the case is that Purchase Orders were extravagantly numbered and renumbered and numbered in duplicate and numbered in triplicate, and prefixed and suffixed to a point of confusion that even the members of the Contractors Accounting Staff admitted that the Purchasing Department was in utter chaos. Mr. Whitcher knows what the real issue is in this respect, and he knows that Mr. Fulton, in asking the question, was attempting to disclose the real issue. Mr. Whitcher also knows that, being absorbed in the real issue, I had overlooked the manner in which the question was stated. However, no numbering at all would have been preferable to the manner in which the Purchase Orders were numbered under Mr. Whitcher's supervision. The use of duplicate numbers, prefixes, double prefixes, suffices, double suffices was given indulgence to such an extent that all numbering was considered to be worthless.

Such a condition cannot be tolerated by the Government whether it be due to intent or due to inefficiency. Many conferences on the subject and many promises, on the part of the Contractors, to solve the mystery of the Purchase Order dilemma resulted only in more and deeper confusion. Therefore, on March 8, 1941, a final conference was held in the office of C. G. Atkin, Project Manager. At that conference, Mr. Whitcher, absent as usual, I advised the Contractors to the effect that the Government would "block off" one thousand numbers to the "cause" of getting their house in order on all Purchase Orders issued prior to March 10, 1941.

The detail of the program for controlling Purchase Orders as set forth by the Field Auditor at this conference, may be noted by reference to a letter directed to C. G. Atkin, of Ferguson-Oman Company, by T. D. Thomas, Field Auditor, under date of March 10, 1941, a copy of which is in your files.

Many weeks elapsed and, as Mr. Whitcher states, much expense to the Government was involved and eventually the Contractors submitted a purported complete reconciliation. This reconciliation and the copies of Purchase Orders transmitted therewith were found to be rife with errors, even to the numbering. Thereupon, I assigned Mr. Robert Moeger, of the Field Audit Staff, the task of completing a reconciliation. I do not recall the number of days that Mr. Moeger and several assistants were engaged on that work, but we were able to finally obtain a reconciliation and an analysis by Commodities and Vendors, which should certainly be an interesting study, and should be available in the files of the Field Auditor at the Wolf Creek Ordnance Plant.

It is my belief that the Purchase Order Records of the Ferguson-Oman Company and the H. K. Ferguson Company are in a state of confusion even at this late date, and to acquire such inefficient supervision the Government reimbursed the Contractors for an Executive Payroll covering expert purchasers in the amount of approximately \$1,000.00 per week.

The foregoing history is recited for your benefit in deciding the competency of Messrs. E. J. Whitcher, Director of Purchases, and W. A. Walsh, Chief Accountant, for the positions which they occupy with the Ferguson-Oman Company, and their competency and their reliability in connection with affirmed statements regarding matters at the Wolf Creek Ordnance Plant.

Any number of copies of Purchase Orders exceeding six required by the Government were typed by the Contractors for their own benefit, but, however, at Government expense.

Your attention is again directed to Mr. Whitcher's competency as an affiant in this matter:

Referring to my communication of March 10, 1941, he states that (quoting Mr. Whitcher) "T. D. Thomas, Field Auditor, requiring the Purchasing Department to rewrite all Purchase Orders previously issued, numbering the same beginning with No. 1001 and consecutively thereafter." This statement by Mr. Whitcher leads to the conclusion that even on November 26, 1941, he still does not understand the situation, or the purpose to be attained. To explain would be useless as far as Mr. Whitcher is concerned, and any explanation would cover only the perfectly clear content of my letter aforementioned.

Mr. Whitcher further states "At that time we had issued 612 Ferguson-Oman Purchase Orders". The Office of the Field Auditor determined that at that time (March 10, 1941), the Ferguson-Oman Company had issued 684 Purchase Orders which fact is also convincing as to the state of the Ferguson-Oman Company Purchase Order system, and Mr. Whitcher's competency to testify.

Mr. Whitcher's statement as to overtime work, and his reference to the added costs are true, but it must be remembered that the expense was an unwarranted burden to the Government occasioned by the inefficiency of his department, and that cost should be charged back to the Ferguson-Oman Company. The Pur-

chase Orders so obtained by the Field Auditor, at that time, are now, together with the Government reconciliation, the only dependable records for analysis as to just what the Contractors were trying to do during that chaotic period. These Purchase Orders and the analysis made by the Field Auditor's staff should be found in the Field Auditor's files and, if available, will afford a basis in support of a detailed audit and intensive investigation into the activities of the Contractors' Purchase Order Department.

T. D. THOMAS.

Witness:

H. G. ROBINSON.

STATE OF TENNESSEE,

County of Madison:

Personally appeared before me, Ora MacMillin, a Notary Public in and for said State and County, Mr. T. D. Thomas with whom I am personally acquainted, who acknowledged that he executed the foregoing instrument, and who affirms that the facts contained therein are true and correct.

In witness whereof, I have hereunto affixed my hand and seal at Office, this the 10 day of December, 1941.

[SEAL]

ORA MACMILLIN, *Notary Public*.

My commission expires August 8, 1941.

AFFIDAVIT NO. 102

[In connection with this affidavit see Memorandum No. 102-A on p. 3647]

STATE OF TENNESSEE,

County of Carroll.

Personally appeared before me, the undersigned authority, John Ralls, who being duly sworn, deposed as follows:

My name is John Ralls, and I am employed by the Ferguson-Oman Company in charge of acquiring and placing under contract, rental equipment on the Wolf Creek Ordnance Plant and the Milan Ordnance Depot.

I am informed that on November 26, 1941, Mr. Thomas testified before the Senate Investigating Committee in Washington, D. C., with reference to three Pontiac Sedans which were brought to the Wolf Creek Ordnance Plant from Mineral Wells, Texas.

Major Paul M. Brewer of the United States Army was the Constructing Quartermaster on the Wolf Creek Ordnance Plant and the Milan Ordnance Depot. Major Brewer, when he came to this project, had formerly been Constructing Quartermaster on the construction of Camp Walters, Government Project #61, Mineral Wells, Texas. Major Brewer ordered three Pontiac cars transferred from the Camp Walters project to the Wolf Creek Ordnance Plant. The Serial Numbers of these cars were 6-820411, 6-818975, and P-6-J-A-26596. These were placed on rental contract by the Ferguson-Oman Company at the instructions of Major Brewer. The Government retained the equity on this equipment consisting of the rental paid on the same while they were on the Camp Walters project. The transfer of the equipment was to the advantage of the Government, and this equipment was used entirely by Government employees of the Constructing Quartermaster's office.

I attach hereto and make Exhibit One to this affidavit, copy of contract number 47, and attention is particularly called to page 6-A of the contract dealing with the transfer and the equity of the Government at the time of the transfer.

At the time of the transfer of this equipment, the Government had already paid a total of \$1,166.66 in rental on the equipment at the Camp Walters project, and this equity was applied against the total cost of the equipment which was \$4,010.55, which includes Tennessee licenses.

I also attach hereto and make Exhibit Two to this affidavit, copy of a letter from Captain Thomas C. Gammie, Executive Officer of the Quartermaster Corps dated April 28, 1941 and addressed to my attention.

I also attach hereto and make Exhibit Three to this affidavit, a letter dated April 22, 1941 of the Ferguson-Oman Company, signed by me and addressed to the Auditing Department of the Camp Walters project.

When this equipment was received it had Texas licenses on the same, we had no funds with which to purchase Tennessee Licenses. We were instructed therefore

by the Constructing Quartermaster to wire the lessor, Strawn Merchandise Company, Strawn, Texas, for money with which to purchase the Tennessee licenses and to add this amount to the recapture value. I attach hereto and make Exhibit Four to this affidavit, copy of this wire dated April 18, 1941. This arrangement as to licenses was fully outlined in schedule A of the rental equipment agreement.

This equipment was recaptured on July 31, 1941. The procedure as to recapture of this equipment is outlined as follows, with each piece of equipment identified by the Government's number on the Wolf Creek Ordnance Plant.

Government #2130 was recaptured with Camp Walters paying \$400.00 in rent, the Wolf Creek Ordnance Plant \$605.00 in rent, the balance being \$443.62, including the 1% provided for in the contract, which was paid by a Government purchase order.

Government #2131 was recaptured with Camp Walters paying \$380.00 in rent, the Wolf Creek Ordnance Plant \$625.00 in rent. This left a balance of \$443.62, including the 1% provided for in the contract, which was paid by a Government purchase order.

Government #2132 was recaptured with Camp Walters paying \$386.66 in rent, the Wolf Creek Ordnance Plant paying \$570.00 in rent, leaving a balance of \$438.39, including the 1% provided for in the contract, which was paid by Government purchase order.

The Ferguson-Oman Company had nothing to do with the acquiring or the use of this equipment except to follow the orders of the Constructing Quartermaster on the Wolf Creek Ordnance Plant.

JOHN RALLS.

Subscribed and sworn to before me this 26th day of November, 1941.

~[SEAL]

WINFRED H. LANCASTER, *Notary Public*.

Registered as a Notary Public in Henderson, Carroll, and Gibson Counties, Tenn., as provided by Chap. 193, Public Acts of Tennessee 1935.

My Commission Expires July 10th, 1945.

[Exhibit 1 attached to Affidavit No. 102]

Contract No. 47

[undecuplicate]

EQUIPMENT RENTAL AGREEMENT

THIS CONTRACT, entered into this 26th day of March, 1941, by STRAWN MERCHANDISE COMPANY, INC., *a corporation, organized and existing under the laws of the State of *Texas, of the City of Strawn, in the State of Texas, hereinafter called the Lessor, and Ferguson-Oman Company, a partnership consisting of The H. K. Ferguson Company and Oman Construction Company of the Village of Milan, in the State of Tennessee, hereinafter called the Lessee,

Whereas, the Lessee has heretofore, to wit, on the 31st day of December, 1940, entered into a contract hereinafter called the principal contract, with the United States of America, hereinafter called the Government, to construct for the Government The Wolf Creek Ordnance Plant, near Milan, Tennessee.

Whereas, the Lessor has agreed to rent to the Lessee for use in connection with the aforementioned construction the equipment leased on schedule "A" attached hereto and made a part hereof; and

Whereas, the Lessor has read and is familiar with each and every part of said principal contract, and the respective rights, powers, benefits and liabilities of the Lessee and the Government thereunder;

NOW, THEREFORE, THIS AGREEMENT WITNESSETH: That the parties hereto do mutually agree as follows:

ARTICLE I

The Lessor shall furnish the equipment listed on Schedule "A" attached hereto and made a part hereof. Equipment shall be in a condition to render efficient, economic, and continuous service. Each piece of equipment shall be clearly marked with the identification number set opposite such piece on schedule "A".

*Delete all lines which do not apply.

ARTICLE II

All necessary minor or field repairs to equipment shall be made by the Lessee without cost to the Lessor. Other than minor or field repairs shall be made by the Lessor without cost to the Lessee. All gasoline and oil for the operation of such equipment will be furnished by the Lessee.

ARTICLE III

Equipment is rented without operators. Any operator deemed incompetent by the Lessor and the Lessee shall be removed from any piece of equipment. Should the Lessor and the Lessee fail to agree as to the competency of any operator the matter shall be submitted to the Contracting Officer who signed the principal contract and his decision shall be final as to the parties hereto.

ARTICLE IV

The Lessor shall initiate shipment of the equipment to the site of the work immediately. It is estimated that the equipment will be used for approximately 6 months working hours, but the Lessee reserves the right to increase or decrease the rental period.

ARTICLE V

A. The Lessor shall be paid at the rate prescribed in Schedule "A". The rental period shall begin on the delivery of such equipment to a common carrier for shipment to the site of the work, as evidenced by the Bill of Lading covering such shipment, and shall terminate, unless title to the equipment passes to the Government at an earlier date, on the date of delivery of such equipment to a common carrier, for shipment from the site of the work, as evidenced by the Bill of Lading covering such shipment, provided such equipment is delivered without delay after notice by the Lessee or the Contracting Officer, of the principal contract, to the Lessor that such equipment is no longer required; otherwise the rental shall terminate on the date of such notice. If such equipment is not in sound and workable condition when it arrives at the work site the rental period therefor shall not begin until such equipment shall have been placed in sound and workable condition at the expense of the Lessor. No transportation charges for the shipment thereof shall be paid by the Lessee for any piece of equipment which arrives at the work site in other than sound and workable condition if such piece of equipment cannot be placed in sound and workable condition. The determination as to whether such equipment is in sound and workable condition shall, in every instance, be made by the Contracting Officer or his duly authorized representative. Slight delays in the use of any piece of equipment caused by necessary minor or field repairs and replacements shall not interrupt the rental period, but no rental shall be paid for the period of any delay in the use of such piece of equipment caused by other than necessary minor or field repairs.

B. The minimum rental set forth in Schedule "A" shall be allowed for equipment in good repair and retained at the site of the work, provided such retention is approved in writing by the Contracting Officer or his duly authorized representative. Transportation will be paid by the Lessee f. o. b. cars at original point of shipment, and return transportation f. o. b. cars to original point of shipment, or equivalent mileage but charges for transportation of any piece of equipment over a distance in excess of Five Hundred Miles (500) must have written approval of the Contracting Officer or his duly authorized representative. Only loading and/or unloading costs incurred at the worksite will be paid by the Lessee. Rental payments will be made monthly on or about the 10th of the month for the previous calendar month.

ARTICLE VI

Failure of any piece of equipment to perform to the satisfaction of the Lessee or the Contracting Officer or his duly authorized representative shall be sufficient cause for the termination of this contract by the Lessee, or the requirement by the Lessee that the equipment be replaced with equipment of satisfactory performance.

ARTICLE VII

When the equipment rented hereunder shall arrive at the site of the work the Lessor shall file with the Lessee a schedule setting forth, (1) the fair valuation of each piece of equipment at the time of its arrival and (2) the names and addresses of any and all persons holding any lien or encumbrance of any nature whatsoever

against such piece of equipment together with the amount of the indebtedness secured by such lien or encumbrance. Such valuation shall be deemed final unless within ten days (10) after the equipment has been set up and operating, the Lessee or the Contracting Officer or his duly authorized representative shall modify such valuation. When and if the total rental paid to the Lessor for any piece of equipment shall equal the value thereof, plus one percent per month for each month or fraction thereof such piece of equipment shall have been in use, no further rental shall be paid to the Lessor and title shall vest in the Government. At the completion of the work or upon termination of the principal contract as provided in Article VI of the principal contract, the Government may at its option purchase any piece of such equipment by paying the Lessor the difference between the valuation of such equipment plus 1% per month for each month or part thereof such piece of equipment shall have been in use and the total rental therefor paid for such piece of equipment.

ARTICLE VIII

Neither this contract nor any interest therein shall be assigned or transferred, except that the whole or any part is assignable to the Government.

ARTICLE IX

The Contractor shall have the same right and under the same conditions and terms to terminate this contract as has the Government in the principal contract.

ARTICLE X

This contract shall be subject to the written approval of the Contracting Officer who executed the principal contract, or his duly authorized representative, and shall not be binding until so approved.

ARTICLE XI

The following changes were made in this agreement before it was signed by the parties hereto:

ARTICLE II, PAGE 2, changed to read as follows: "All necessary repairs to equipment shall be made by the Lessee without cost to the Lessor. All gasoline and oil for the operation of such equipment will be furnished by the Lessee. Said equipment to be returned in as good condition as when received by the Lessee, excepting ordinary wear caused by ordinary use."

ARTICLE V, PART A, changed to read as follows: "The Lessor shall be paid at the rate prescribed in Schedule "A". The rental period shall begin on the delivery of such equipment to a common carrier for shipment to the site of the work, as evidenced by the Bill of Lading covering such shipment, and shall terminate, unless title to the equipment passes to the Government at an earlier date, on the date of delivery of such equipment to a common carrier, for shipment from the site of the work, as evidenced by the Bill of Lading covering such shipment, provided such equipment is delivered without delay after notice by the Lessee or the Contracting Officer, of the principal contract, to the Lessor that such equipment is no longer required; otherwise the rental shall terminate on the date of such notice. If such equipment is not in sound and workable condition when it arrives at the work site the rental period therefor shall not begin until such equipment shall have been placed in sound and workable condition at the expense of the Lessor. No transportation charges for the shipment thereof shall be paid by the Lessee for any piece of equipment which arrives at the work site in other than sound and workable condition if such piece of equipment cannot be placed in sound and workable condition. The determination as to whether such equipment is in sound and workable condition shall, in every instance, be made by the Contracting Officer or his duly authorized representative. Any delays in the use of any piece of equipment caused by necessary minor, major, or field repairs and replacements shall not interrupt the rental period."

ARTICLE XII (REVISED)

It is AGREED that the following amounts heretofore paid to the Lessor by the previous Lessee, Cage Brothers, of Camp Wolters, Mineral Wells, Texas, shall be considered to have been paid by the Lessee named in this agreement in computing the total rental paid by the Lessee under the provisions of Article VII of this

3644 INVESTIGATION OF THE NATIONAL DEFENSE PROGRAM

Agreement. It is further agreed that in the event of recapture, the one per cent referred to in Article VII shall be Computed on the Equipment listed below from the dates indicated:

Gov't. No.	Original Valuation	Date 1% Begins	Amount Paid by Original Lessee
2132	\$1,302.85	1/27/41	\$386.66
2131	1,353.85	1/20/41	380.00
2130	1,353.85	1/20/41	400.00
Total	4,010.55		1,166.66

NOTE.—The above equipment was transferred from Camp Wolters, Mineral Wells, Texas. Seven dollars and eighty-five cents (\$7.85), the cost of Tennessee 1941 license plates, has been added to and included in the original valuation given above. This amount was paid by Strawn Merchandise Co. for the license plates at time of transfer, and it was agreed at that time that this amount should be added to the original valuation of each unit in order to reimburse the Lessor in case of recapture of this equipment by the Government.

IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the day and year above written.

STRAWN MERCHANDISE COMPANY, INC.,
Lessor.
By H. A. CRAWFORD,
Assistant General Manager, Strawn, Texas.

Witness:
(1) C. L. Hodgkin
(2) Thelma Heatherington

FERGUSON-OMAN COMPANY,
Lessee.
By C. G. ATKIN,
Project Manager, Milan, Tennessee.

(1) M. Harvey
(2) C. Myhand

I, R. M. Harris, certify that I am the assistant secretary of the corporation named as the Lessor herein; that H. A. Crawford, who signed this agreement on behalf of the Lessor, was then assistant General Mgr, of said corporation; that said agreement was duly signed for and in behalf of said corporation by authority of its governing body, and is within the scope of its corporate powers.

[SEAL] R. M. HARRIS, Asst Secry.
Place: Strawn, Texas.
Date: March 26th, 1941.

I, _____, certify that I am the _____ secretary of the corporation as the Lessee herein; that _____, who signed this agreement on behalf of the Lessee, was then _____ of said corporation; that said agreement was duly signed for and in behalf of said corporation by authority of its governing body, and is within the scope of its corporate powers.

_____ [CORPORATE SEAL]
Place _____
Date _____
Approved: _____

(Name)

(Title)

(To be executed by the Contracting Officer who executed the principal contract named herein, or his successor or his duly authorized representative.)

CERTIFICATION

We, The H. K. Ferguson Company, A Corporation existing under the laws of the State of Ohio, and the Oman Construction Company, a partnership of Nashville, Tennessee, having entered into a joint venture under agreement dated the 31st day of December, 1940, to build the Wolf Creek Ordnance Plant, for the United States Government, hereby certify, by our authorized agents, that Mr. C. G. Atkin has been appointed Project Manager of said Wolf Creek Ordnance Plant and that he has had authority since December 31, 1940, to bind the H. K. Ferguson Company and the Oman Company in all matters pertaining to the construction of the said Wolf Creek Ordnance Plant and that he will continue to exercise such authority until the Government has received a revocation of such powers.

In witness whereof, we have hereunto affixed our hands, this 29th day of April 1941.

For the H. K. Ferguson:

H. K. FERGUSON (Signed)
H. K. Ferguson, *President* [SEAL]
EVELYN HANDCOCK-FERGUSON (Signed)
Evelyn Handcock Ferguson, *Vice-Pres.*

Signature of C. G. ATKIN:

CHARLES G. ATKIN (Signed).

For the Oman Construction Company:

STIRTON OMAN (Signed)
Stirton Oman, *Partner.*
JOHN OMAN III (Signed)
John Oman III, *Partner.*
JOHN OMAN, JR. (Signed)
John Oman, Jr., *Partner*

Witnessed:

PAUL M. BREWER (Signed)
Paul M. Brewer, *Major, QMC, CQM*
ABE PLETCHNOW (Signed)
Abe Pletchnow, *2206 E. Main, Humboldt, Tenn.*

NOTE.—This is an exact copy of signed original that is held in office of Ferguson-Oman Company, and Constructing Quartermaster's office.

"In some cases the owners of equipment rented directly to the Government, or the rental on which is paid indirectly by the Government, have through carelessness or otherwise neglected to submit in the statements prepared by the Lessors, the correct amount or amounts of the lien or liens on this equipment. The seriousness of such acts of carelessness or negligence cannot be over-emphasized. Section 35 of the Criminal Code as amended provides.

'Whoever shall make or cause to be made or present or cause to be presented, for payment or approval, to or by any person or officer in the civil, military, or naval service of the United States, or any department thereof, or any corporation in which the United States of America is a stockholder, any claim upon or against the Government of the United States, or any department or officer thereof, or any corporation in which the United States of America is a stockholder, knowing such claim to be false, fictitious, or fraudulent; or whoever, for the purpose of obtaining or aiding to obtain the payment or approval of such claim, or for the purpose and with the intent of cheating and swindling or defrauding the Government of the United States, or any department thereof, or any corporation in which the United States of America is a stockholder, shall knowingly and willfully falsify or conceal or cover up by any trick, scheme, or device a material fact, or make or cause to be made any files or fraudulent statements or representations, or make or use or cause to be made or used any false bill, receipt, voucher, roll, account, claim, certificate, affidavit, or deposition, knowing the same to contain any fraudulent or fictitious statement or entry, shall be fined not more than \$10,000 or imprisoned not more than ten years, or both.' "

SCHEDULE A.—*Equipment rental agreement*

Government Number	Description: Items of Equipment, Serial Number, Manufacturer	Cost or Replacement Value, New	Estimated Present Actual or Insurable Value	Liens, Amount, Name and Address	Date of Delivery to Common Carrier	Rent Per Month 24 Hours Per Day
2132	5-Passenger Pontiac Passenger Car, 1941, Serial No. P-6-J-A-26596, Pontiac Motor Company, Pontiac, Mich.	\$1302.85	\$1302.85	None -----	4/7/41	\$150.00
2131	5-Passenger Pontiac Passenger Car, 1941, Serial No. P-6-J-A-16779, Pontiac Motor Company, Pontiac, Mich.	1353.85	1353.85	None -----	3/26/41	150.00
2130	5-Passenger Pontiac Passenger Car, 1941, Serial No. P-6-J-A-17567, Pontiac Motor Company, Pontiac, Mich.	1353.85	1353.85	None -----	3/31/41	150.00

The above equipment was transferred from Camp Wolters, Mineral Wells, Texas. Seven dollars and eighty-five cents (\$7.85), the cost of Tennessee 1941 license plates, has been added to the original new value and present value. This amount was paid by Strawn Merchandise Company, Inc., for the license plates at time of transfer, and has been added to original figures in order to reimburse the Lessor in case of recapture of this equipment by the Government.

[Exhibit 2 attached to Affidavit No. 102]

[Copy]

WAR DEPARTMENT

OFFICE OF THE CONSTRUCTING QUARTERMASTER

CAMP WOLTERS

MINERAL WELLS, TEXAS, *April 28, 1941.*

Address Reply to the Office and not to any individual

In Reply Refer to

FERGUSON-OMAN COMPANY, *Milan, Tennessee.*

Attention: Mr. John H. Ralls.

DEAR SIR: In reply to your letter of April 22, the following information is furnished concerning three (3) 1941 Pontiac Sedans rented for the construction of Camp Wolters from Strawn Mercantile Company of Strawn, Texas:

1 1941 Pontiac Sedan, Motor #6-820411, Serial #P6JA17567, appraisal value \$1,346.00, rented January 20, 1941, released March 31, 1941, with the total accrued rental paid or to be paid amounting to \$400.00.

1 1941 Pontiac Sedan, Motor #6-818975, Serial #P6JA16779, appraisal value \$1,346.00, rented January 20, 1941, released March 26, 1941, with the total accrued rental paid or to be paid amounting to \$380.00.

1 1941 Pontiac Sedan, Motor #6-763682, Serial #P6JA26596, appraisal value \$1,295.00, rented January 27, 1941, released April 17, 1941, with the total accrued rental paid or to be paid amounting to \$386.66.

For The Constructing Quartermaster:

THOMAS G. GAMMIE,
Captain, Quartermaster Corps.
Executive Officer.

INVESTIGATION OF THE NATIONAL DEFENSE PROGRAM 3647

[Exhibit 3 attached to Affidavit No. 102]

[Copy]

FERGUSON-OMAN COMPANY,
Milan, Tennessee, April 22, 1941.

CAMP WOLTERS,
Government Project #61, Mineral Wells, Texas.

Attention: Auditing Department.

GENTLEMEN: We are in receipt of three five passenger four-door Pontiac sedans with serial numbers of 6-S20411, 6-818975 and P-6-J-A-26596.

We have no record from you as to the present status of this equipment other than it is owned by Strawn Merchandise Company, Strawn, Texas.

Please give us necessary information on values, amount paid to date and amount of monthly rentals.

Yours very truly,

FERGUSON-OMAN COMPANY,
JOHN H. RALLS.

P. S. Please address all correspondence to the writer.

[Exhibit 4 attached to Affidavit No. 102]

[Copy of telegram]

4/18/41.

STRAWN MERCHANDISE COMPANY,
Strawn, Texas.

Please wire twenty three dollars fifty five cents to cover nineteen forty one Tennessee license plates for three Pontiacs you have on rental here. This amount will be added to the value of cars so if same are recaptured you will be reimbursed.

FERGUSON OMAN COMPANY,
JOHN RALLS.

MEMORANDUM No. 102-A

MEMORANDUM

The foregoing affidavit of John Ralls outlines in detail the acquisition of three Pontiac sedans from the Camp Wolters project. According to Mr. Ralls, Exhibit #3, these cars arrived on the project without any previous request and without necessary supporting information. From other exhibits submitted, it is apparent that the cars left the Camp Wolters project on March 26, March 31 and April 7, and the records of the Tool and Equipment Section at the Wolf Creek Ordnance Plant indicate that the cars were received on April 5, April 5, and April 17. The status of the cars during the period intervening between these dates is unknown and it is pointed out that rental and operation costs were being paid by the Government during the time the cars were neither on the Camp Wolters project or the Wolf Creek Ordnance project.

By bringing these cars to the Wolf Creek Ordnance Plant the Government was obligated for \$23.55 for the purchase of Tennessee plates inasmuch as the cars then had Texas plates attached. The cost of the additional registration, and the cost of operating the cars for the period in question was incurred in order to provide transportation for Major Brewer and two employees who at the time had no official Government status. The cost of such transportation being far in excess of the cost by common carrier.

AFFIDAVIT No. 103

[In connection with this affidavit see Letter No. 103-A on p. 3659]

STATE OF TENNESSEE,
County of Carroll.

Personally appeared before me, the undersigned authority, W. A. Walsh, who being duly sworn, deposed as follows:

My name is W. A. Walsh, and I am employed by the Ferguson-Oman Company as Chief Accountant in the Wolf Creek Ordnance Plant and the Milan Ordnance Depot.

I understand that Mr. Thomas testified before the Senate Investigation Committee on November 26, 1941 in Washington, that certain sums of money, including truck rental, had been erroneously paid by the Government as reimbursement in connection with the operations of the Commissary in the Wolf Creek Ordnance Plant and the Milan Ordnance Depot. This statement is not correct.

Items charged, which have been reimbursed by the Government, were correctly charged in accordance with the Government procedure and regulations.

I attach hereto and make Exhibit 1 to this affidavit the report of Horwath and Horwath, Accountants and Auditors, who made a monthly audit of the operations of the Commissary on this project.

W. A. WALSH.

Sworn to and subscribed before me this 26th day of November, 1941.

[SEAL]

WINFRED H. LANCASTER,
Notary Public.

Registered as a Notary Public in Henderson, Carroll, and Gibson Counties, Tenn., as provided by Chap. 193, Public Acts of Tennessee 1935.

My Commission Expires July 10th, 1945.

WAR DEPARTMENT,
 OFFICE OF THE QUARTERMASTER GENERAL,
Washington, May 31, 1941.

In Reply Refer To QM 300.5 C-EC (General)

CONSTRUCTION DIVISION LETTER NO. 275

Subject: Reimbursement for Equipment Used in Commissaries and Other Facilities.

To: All Zone Constructing Quartermasters.
 All Constructing Quartermasters.

1. Construction Division Letter No. 134 is hereby rescinded in its entirety and is superseded by this letter.

2. Since this office has not previously given a formal opinion concerning the meaning of the term "commissary" as used in the standard form of Cost-Plus-A-Fixed-Fee contract, C. P. F. F. Form No. 1, nor have the terms "equipment" and "operating supplies" as used in Article II, 1-(i) of that form been defined, the information contained herein shall be applicable only to those cases in which no definition or interpretation of these terms has already been given by the Constructing Quartermaster. Any operating procedure based upon an interpretation made by the Constructing Quartermaster prior to the date of this letter shall not be changed because of the information contained in this letter, unless in interpretation given by the Constructing Quartermaster shall be found to be in conflict with the provisions of the contract.

3. The information contained in this letter is applicable only to those cases in which commissaries and other facilities are operated by the principal contractor. If the operation of such facilities is handled on a concession basis, the terms of the concession shall be subject to the approval of this office and no concession shall be let in the future without prior approval of this office.

4. The provisions of this letter shall not be construed to be conclusively applicable to any contract now in effect, even though no formal interpretation of the terms discussed herein shall have been given by the Constructing Quartermaster if there is pending a dispute between the Constructing Quartermaster and the

contractor as to the meaning of these terms. All such cases shall be promptly submitted to this office for final decision.

5. *a.* The term "Commissary" as used in the Standard Form Cost-Plus-A-Fixed-Fee Contract (C. P. F. F. Form No. 1) shall be construed to mean those facilities established for the dispensing and/or preparation of food.

b. The term "Equipment" for Commissaries shall include, but not be restricted to, stoves, ranges, refrigerators, counters, steam tables, china, glass, silver and such other items essential to the preparation and dispensing of food as are not consumed in the course of such preparation and dispensing. The term "Equipment" shall not include paper cups, paper plates, and paper napkins and other similar items used in lieu of equipment of a permanent or semi-permanent nature.

c. The term "Supplies" shall be construed to include: food, seasoning and condiments of any nature which are combined with or added to the produce served to the consumer; paper cups, paper plates, paper napkins and other similar items used in lieu of permanent or semi-permanent items of the same character; stationery, ink, pencils and other administrative supplies used in connection with the administration of Commissary business.

d. "Utilities Service" shall be construed to mean electricity, gas and water for whatever purpose used, and shall include any reasonable substitute used in lieu of gas and electricity, such substitutes to include, but not be restricted to, coal or wood used for heating and cooking and ice used for refrigeration.

6. Bunk houses, labor camps and all other facilities provided for the housing of employees of the contractor, if installed with the approval of the Constructing Quartermaster, shall be considered as facilities other than commissaries and the contractor shall be reimbursed for the cost of equipping such facilities. Equipment as used in this connection shall include beds, mattresses, pillows, sheets, pillow cases, blankets, and such other equipment as has been specifically authorized by the Constructing Quartermaster.

For The Quartermaster General:

/s/ BREHON SOMERVELL,
Brigadier General, U. S. A., Assistant.

[Exhibit 1 attached to Affidavit No. 103]

THE FERGUSON-OMAN COMPANY, WOLF CREEK ORDNANCE PLANT, COMMISSARY
DEPT., MILAN, TENNESSEE

REPORT ON OPERATIONS FOR JULY, 1941

HORWATH & HORWATH

ACCOUNTANTS AND AUDITORS

CLEVELAND, OHIO, *August 14, 1941.*

FERGUSON-OMAN COMPANY,
Wolf Creek Ordnance Plant, Milan, Tennessee.

GENTLEMEN: We submit herewith our report on the operations of the commissary for the month of July, 1941.

The report consists of the exhibits and schedules listed in the index, all subject to the accompanying comments.

Very truly yours,

HORWATH & HORWATH.

BALANCE SHEET—EXHIBIT A

Cash, \$20,210.73.

Banks statements submitted by the Farmers-Peoples Bank, Milan, Tennessee, dated July 30, were reconciled by our resident auditor to the amounts as shown on the balance sheet. All cashiers funds were verified by actual count.

Accounts Receivable, \$705.62.

During the month the following accounts were written off after a conference with Messrs. Smith and Walsh of the Ferguson-Oman Company who approved this list.

Name	Reason for Write-Off	Amount
C. G. Atkin.....	Meals—Entertainment.....	\$87.46
A. K. Ferguson.....	Meals—“.....	.35
Oscar Miller.....	Meals—“.....	23.90
John Oman, Jr.....	Meals—“.....	9.20
F. T. O’Keefe.....	Meals—“.....	17.91
H. K. Ferguson Company.....	Meals—“.....	5.75
Chas. Thomason.....	Uncollectable—Left Project.....	4.25
H. O’Dell.....	Uncollectable—Left Project.....	2.25
J. P. McInerney.....	Construction Expense—Igloo.....	3.28
A. Johnson.....	Construction Expense—Boots.....	1.85
Thomas Smith.....	Construction Expense—Boots.....	1.85
W. J. Bigban.....	Construction Expense—Boots.....	1.85
Total Accounts Written Off.....		159.90

The balance of the accounts receivable considered collectable amounts to \$705.62 and should be collected during the current month.

Inventories, \$8,772.78.

The balance of general stores merchandise on hand was sold with the exception of some automobile supplies valued at \$63.60. It was necessary to assume a considerable loss on the disposal of this old stock, most of which was over priced on the original inventory. Most of this loss can be considered as good will rather than an inventory loss, as the original stock purchased from the general Stores was very old and had questionable sales value. A loss of \$563.68 is shown on the sale of this stock for the current month by comparing the cash received with the inventory valuation. The management made every effort to convert this merchandise into cash and with few exceptions secured as much return as possible.

Prepaid Expenses, \$399.94.

Additional privilege taxes were paid during the month to cover the operations of the field stands for a six month period.

Efforts should be made to reclaim the unused portion of the restaurant stool tax as the restaurant has been closed.

Deferred Expenses, \$2,106.28.

Fluctuations noted in this expense group include an addition of \$108.83 to Mr. Bond’s salary expense and a decrease of \$113.54 which is the monthly charge to operations of the pre-opening expense. The total of Mr. Bond’s salary for the period, February 24 to July 5, 1941, amounting to \$1,538.55 is shown as a deferred account as this expense is not applicable to commissary operating expense.

Reimbursable Account, \$6,745.73.

After conferences with Messrs. Smith and Walsh of the Ferguson-Oman Company, reimbursable commissary expenses, as interpreted from the Quartermaster General’s letter No. 275, were deducted from the equipment account and operating expenses as outlined in detail by our Schedule A-4.

A complete analysis of all supporting invoices was made up and presented to the commissary manager, who we understand will present all paid items for reimbursement.

National Cash Registers, \$4,157.76.

The charge for cash registers in use in the commissary was changed from a monthly rental basis to a purchase agreement during the month. The total value of the cash registers in use amounting to \$4,613.76 was credited with cash paid for rental of \$456.00 and the balance due of \$4,157.76 was set up by a note payable signed by F. T. O’Keefe, Commissary manager. This balance is to be paid by 13 monthly payments of \$303.00 per month and one payment of \$218.76.

A copy of the note was examined and should be verified by the National Cash Register Company as Mr. O’Keefe’s authorization to sign notes for the Ferguson-Oman Commissary has been questioned. This sales agreement was changed from a rental basis to a purchase basis to secure equity and free service so we do not advise the contract be changed. We understand under the present sales agreement, the cash registers may be returned at any time but the charge on the machine will revert to a rental basis. It is suggested the entire contract be reviewed with Mr. C. L. Van Fossan, Memphis agent for the National Cash Register Company.

Accounts Payable, \$33,081.83.

Current accounts payable as of July 31, 1941, are listed in detail on Schedule A-5. The equipment items included thereon were set aside for payment early in August in order that they might be presented for reimbursement.

Surplus, \$3,163.00.

The operating profit for July, 1941, amounting to \$2,386.29 was added to this account in addition to Profit and Loss adjustments made in connection with our final audit as shown in detail on Schedule A-6.

Expense items such as cooking fuel, ice for refrigeration, kitchen utensils, truck rental and expense and telephone expense, which had been considered as operating expenses prior to July 1, 1941, were deducted from the operating expenses, retro-active to the start of the project and set up as reimburseable. It must be understood that this group of expenses has not been officially approved as reimburseable by the construction quartermaster. Any items in this group not so approved should be charged back to commissary operations.

GENERAL PROFIT AND LOSS STATEMENT—EXHIBIT B

The operations of the commissary for the month of July, 1941, reflects a net profit of \$2,386.29, and a profit of \$3,163.01 on the operations for the project to date.

Food, Schedule B-1.

The volume of gross food sales for the month of July increased \$2,620.84 over June. Total food sales of \$10,476.56 are compared with \$7,855.72 for last month. The food cost per dollar sale increased from 57.24 cents for June, 1941 to 61.31 cents for July, a rise of 4.07 points, which on the current volume of sales amounted to \$426.40.

The departmental profit for the month amounted to \$372.89 and the profit on the restaurant department for the project to date was \$1,535.36.

Since this report reflects operations through July only, the restaurant sales and costs for August 1 and 2, 1941, the final days of food operation, are not included.

Stands, Schedule B-2.

Sixteen stands were in operation in various locations within the area as of July 31, 1941, and several more scheduled to open during August.

The volume of stand sales increased \$12,097.88 when the total sales for July amounting to \$29,803.39 are compared with \$17,705.51 for June, 1941.

This rapidly growing volume will require close accounting supervision in the future to counter against shortages of stand operators. We suggest our system of stand control be followed as closely as possible and the operations of each stand reconciled by physical inventory each week. The weekly stand shortages should be subject to close audit by your accountants.

The loss on bottles for the month amounted to \$332.20.

During the month of July our representative attended a meeting of the Beverage Bottling Association and they agreed to assist the commissary by furnishing a truck manned by three persons to aid in the collection of empty bottles. This aid proved to be mutually profitable as the bottle loss shows a material decrease when compared with last month.

The departmental profit was \$4,755.19 for the month and \$8,854.21 for the project to date.

Safety Shoe Store, Schedule B-3

Shoe sales for the month amounted to \$891.90 as compared to \$122.60 for June, an increase in sales for July of \$769.30.

Even though this increase in shoe sales is very encouraging as compared with previous months, it is difficult to operate this department on a profitable basis. This type of business does not seem to be within the usual scope of commissary operations and it is in direct competition with local merchants. A profit of \$33.75 was shown for the month but for the project to date this department operated at a loss of \$140.10.

Other Income, Schedule B-4.

Of the total of \$300.98 derived from sundry sources, \$237.51 was secured from cash discounts.

Administrative and General, Schedule B-5.

The item of accountants' fees includes our installation charge of \$250.00, as stated in our agreement.

The total of this group of expenses for July, 1941, amounted to \$2,399.30.

Salaries and Wages, Schedule B-6.

The total payroll for the month amounted to \$7,582.19. A complete analysis of positions and salaries is shown in detail on Schedule B-6.

The executives of the Ferguson-Oman Company requested that our resident auditor make recommendations as to reducing the administration personnel following the closing of food operations. Accordingly it was suggested that the secretarial work of the manager and the accounting office be handled by one secretary. The possibility was also proposed that the commissary manager might take over the duties of the head stand supervisor in the reorganization. Otherwise the present administrative staff seems necessary for the stands operation, as well as an accountant to be assigned to the department.

Except for the chef and three former waitresses needed to make sandwiches for the stands, the entire restaurant personnel was dismissed on August 2 when the department closed.

I N D E X

BALANCE SHEET.....	EXHIBIT A
Balance Sheet Schedules:	
Accounts Receivable.....	Schedule A-1
Inventories.....	Schedule A-2
Deferred Expenses.....	Schedule A-3
Deficit.....	Schedule A-4
GENERAL PROFIT AND LOSS STATEMENT.....	EXHIBIT B
Income and Expense Schedules:	
Food.....	Schedule B-1
Stands—Department.....	Schedule B-2
Safety Shoe Store.....	Schedule B-3
Other Income.....	Schedule B-4
Administrative and General Expenses.....	Schedule B-5
Salaries and Wages.....	Schedule B-6

EXHIBIT A.—*Ferguson-Oman Company, Wolf Creek Ordnance Plant, commissary department*

STATEMENT OF ASSETS AND LIABILITIES AS AT JULY 31, 1941

ASSETS

Cash On Hand: Cashier's Banks.....	\$650. 00	
On Deposit, Farmers-People Bank:		
General Account.....	\$19, 360. 73	
Payroll Account.....	200. 00	
	<u>19, 560. 73</u>	\$20, 210. 73
Accounts Receivable, Schedule A-1.....		705. 62
Inventories, Schedule A-2.....		8, 772. 78
Prepaid expenses:		
Stand Privilege Taxes.....	\$153. 12	
Restaurant Stool Taxes.....	27. 90	
Insurance.....	218. 92	
		<u>399. 94</u>
Deferred expenses, Pre-Opening Expenses, Schedule A-3.....		2, 106. 28
Reimbursable Accounts, Schedule A-4.....		6, 745. 73
National Cash Registers, In Use Under A Purchase Rental Agreement.....		4, 157. 76
Total Assets.....		<u><u>43, 098. 84</u></u>

EXHIBIT A.—*Ferguson-Oman Company, Wolf Creek Ordnance Plant, commissary department—Continued*

LIABILITIES

Accounts Payable:	
Trade Creditors, Schedule A-5	\$33,081.83
Taxes Collected	263.99
Notes Payable, National Cash Register Company	4,157.76
Accruals:	
Salaries and Wages	\$1,108.88
Federal Old Age Retirement Tax	275.08
Federal Unemployment Tax	82.52
Tennessee State Unemployment Tax	742.72
Workmen's Compensation Insurance	177.31
	2,386.51
Employees' Party Fund	45.75
Total Current Liabilities	39,935.84
Surplus Account, Schedule A-6	3,163.00
Total Liabilities	43,098.84

SCHEDULE A-1.—*Ferguson-Oman Company, Wolf Creek Ordnance Plant, Commissary Dept.*

ACCOUNTS RECEIVABLE JULY 31, 1941

Hospital—Restaurant Charges	\$281.80
Ferguson-Oman Company	415.75
H. W. Bruenelle, Jr.	8.07
Total to Exhibit A	705.62

SCHEDULE A-2.—*Ferguson-Oman Company, Wolf Creek Ordnance Plant, Commissary Dept.*

INVENTORIES, JULY 31, 1941

Food	\$542.49
Stands	6,521.44
Vending Machines	168.00
Case Deposit Account	739.40
Food Supplies	122.66
Shoe Store Supplies	615.19
General Stores Merchandise	63.60
Total to Exhibit A	8,772.78

SCHEDULE A-3.—*Ferguson-Oman Company, Wolf Creek Ordnance Plant, Commissary Dept.*

DEFERRED PRE-OPENING EXPENSES, JULY 31, 1941

Salary, Mr. Bond, February 24-July 5, 1941	\$1,538.55
Auditing Fee, Including Resident Auditor, March 10-April 30, 1941	\$763.15
Travel Expenses:	
O'Keefe	82.65
Bond	8.60
Auditing	136.70
Auditor's Maintenance	121.05
Repairs:	
Paint—Commissary	8.15
Counter Top Repairs—Commissary	15.13
Total	1,135.43

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SCHEDULE A-3.—*Ferguson-Oman Company, Wolf Creek Ordnance Plant, Commissary Dept.*—Continued

DEFERRED PRE-OPENING EXPENSES, JULY 31, 1941—continued

Less: Charge to Profit and Loss, \$1,135.43 to be charged off over 10-month period.

Charge for March, April, May, June, and July	\$567. 70	
		\$567. 73
Total to Exhibit A		2, 106. 28

SCHEDULE A-4.—*Ferguson-Oman Company, Wolf Creek Ordnance Plant, Commissary Department*

REIMBURSEABLE ACCOUNT, JULY 31, 1941

Commissary Equipment		\$2, 695. 51
Reimbursable Operating Expenses:		
Utilities:		
Cooking Fuel	\$357. 34	
Ice for Refrigeration	2, 504. 90	
Operating Expenses:		
Kitchen Utensils	59. 59	
Truck Rental and Expense	1, 051. 20	
Telephone Expense	77. 19	
		4, 050. 22
Total to Exhibit A		\$6, 745. 73

NOTE.—These expenses are classed as reimbursable according to detailed instructions contained in letter -275, issued by the Quartermaster General, dated May 31, 1941.

SCHEDULE A-5.—*Ferguson-Oman Company, Wolf Creek Ordnance Plant, Commissary Dept.*

ACCOUNTS PAYABLE JULY 31, 1941

American Sales Book Company	\$12. 42
Armour & Company	67. 68
Airlene Gas Company	67. 68
Beare Ice & Coal Company	1, 194. 40
Bonds	179. 97
Butt, R. E.	221. 60
Canale C. & Company	161. 40
Coca-Cola Bottle Company	3, 863. 20
Continental Baking Company	584. 73
Double Cola Bottling Company	422. 90
Davis-Mize Company	491. 85
Edenton, J. C. Company	520. 86
Ferguson-Oman Company	998. 00
General Beverage Company	1, 597. 80
Horwath & Horwath	700. 00
House-Bond Company	94. 72
Henderson Produce Company	46. 80
International Shoe Company	1, 055. 52
Independent Linen Company	280. 76
Lance, Inc.	640. 98
Liberty Market	37. 05
McGee-Rose Hardware Company	159. 71
Midwest Dairy Products	2, 672. 09
Nehi Sales Company	729. 20
Orange Crush Bottling Company	158. 00
Pepsi-Cola Company	890. 30
Pepper-Upper Dist. Company	547. 14

SCHEDULE A-5.—*Ferguson-Oman Company, Wolf Creek Ordnance Plant,
Commissary Dept.*—Continued

ACCOUNTS PAYABLE JULY 31, 1941—continued

Dr. Pepper Bottling Company	\$1, 641. 30
Albert Pick Company	262. 69
Procter & Gamble	19. 50
Refrigeration Service	2. 00
Ragland Potter	30. 90
Robbins Cigar Company	8, 600. 63
Sanders Mfg. Company	67. 67
Seview-Up Bottling Company	684. 60
Smith, S. R.	766. 31
Samelson Company	2. 00
Standard Brands, Inc.	98. 61
Stratton-Warren	31. 95
Swift & Company	456. 22
Sullivan's Mrs. Pies	227. 70
Tayloe Paper Company	58. 97
Tip Top Mdse.	21. 33
Wade Cookie Company	806. 04
Zahner Restaurant Equipment	323. 40
Total to Exhibit A	33, 081. 83

SCHEDULE A-6.—*Ferguson-Oman Company, Wolf Creek Ordnance Plant,
Commissary Dept.*

SURPLUS ACCOUNT

Profit and Loss:

February 24 to March 31, 1941	\$292. 02	
April	988. 60	
May	38. 45	
June	2, 104. 40	
July	2, 386. 29	
		\$1, 016. 92

Adjustments:

Credits:

Reimbursable Expense Deducted from	
Above	3, 338. 86
Stand Payroll	42. 08
General Insurance	5. 43
	\$3, 386. 37

Debits:

April and May Truck Rental	521. 00	
Three months charge—Preopening Ex-		
pense	340. 62	
General Stores Inventory Loss	37. 35	
Workmen's Compensation Insurance	155. 25	
Federal Retirement Tax	9. 32	
Federal Unemployment Tax	1. 69	
State Unemployment Tax	15. 16	
Accounts Receivable—Charged Off	159. 90	
	1, 240. 29	
		2, 146. 08
Total to Exhibit A		3, 163. 00

EXHIBIT B.—*Ferguson-Oman Company, Wolf Creek Ordnance Plant, Commissary Department*

GENERAL PROFIT AND LOSS STATEMENT

	Schedule Number	July, 1941					February 24, 1941–July 31, 1941				
		Net Sales	Cost of Sales	Payroll (Schedule B-6)	Other Expenses	Profit	Net Sales	Cost of Sales	Payroll (Schedule B-6)	Other Expenses	Profit or Loss ¹
Operated Departments:											
Food.....	B-1.....	\$10,476.56	\$6,035.65	\$3,054.92	\$1,013.10	\$372.89	\$37,965.62	\$20,325.90	\$12,160.24	\$3,944.12	\$1,535.36
Stands.....	B-2.....	29,803.39	21,352.02	3,263.18	433.00	4,755.19	71,406.45	52,385.98	9,043.37	1,122.89	8,854.21
Safety shoe store.....	B-3.....	891.90	739.80	112.51	5.84	33.75	1,091.56	899.14	300.02	32.50	140.10
Total operated departments.....		41,171.85	28,127.47	6,430.61	1,451.94	5,161.83	110,463.63	73,611.02	21,503.63	5,099.51	10,249.47
Other Income.....	B-4.....	300.98				300.98	916.27				916.27
Gross Operating Income.....						5,462.81					11,165.74
Deductions from income:											
Administrative and general expenses.....	B-5.....			1,151.58	1,247.72	2,399.30			2,953.91	3,880.10	6,834.01
Total Income, Expense, and Profit.....		41,472.83	28,127.47	7,582.19	2,699.66	3,063.51	111,379.90	73,611.02	24,457.54	8,979.61	4,331.73
Other deductions:											
Pre-Opening Expenses.....					113.54					567.70	
Inventory Loss—General Merchandise.....					563.68	677.22				601.03	
Net profit for period, to surplus, schedule A-5.....						2,386.29					3,163.00

¹ Italics indicate red figures.

SCHEDULE B-1.—*Ferguson-Oman Company, Wolf Creek Ordnance Plant, Commissary Dept.—Departmental profit and loss statement*

FOOD

	Amounts		Percentages	
	July 1941	Project to date	July 1941	Project to date
Sales: Commissary.....	\$10,476.56	\$37,965.62	100.00	100.00
Cost of food sold:				
Cost of food consumed.....	6,423.33	21,912.15	61.31	57.72
Less: Cost of employees' meals.....	387.68	1,586.25	3.70	4.18
Cost of food sold.....	6,035.65	20,325.90	57.61	53.54
Gross profit.....	4,440.91	17,639.72	42.39	46.46
Departmental expenses:				
Salaries and wages, schedule B-6.....	3,054.92	12,160.24	29.16	32.03
Employees' meals.....	387.68	1,586.25	3.70	4.18
Laundry and uniforms.....	280.76	974.49	2.68	2.57
Supplies.....	320.79	1,202.10	3.06	3.17
Menus.....		19.50		.05
Printing and stationery.....	11.42	109.59	.11	.29
Stool taxes.....	3.10	3.10	.03	.01
Miscellaneous.....	9.35	49.09	.09	.12
Total expenses.....	4,068.02	16,104.36	38.83	42.42
Departmental profit.....	372.89	1,535.36	3.56	4.04

SCHEDULE B-2.—*Ferguson-Oman Company, Wolf Creek Ordnance Plant, Commissary Dept.—Departmental profit and loss statement*

STANDS

	Amounts		Percentages	
	July 1941	Project to date	July 1941	Project to date
Sales:				
Stand:				
No. 1.....	\$1,460.75	\$10,377.62	4.90	14.53
No. 2.....	1,072.16	5,034.33	3.60	7.05
No. 3.....	6,443.89	22,988.99	21.62	32.19
No. 4.....	1,352.08	4,087.92	4.54	5.72
No. 5.....	1,441.21	4,467.02	4.84	6.26
No. 6.....	2,113.78	3,488.47	7.08	4.89
No. 7.....	2,577.24	4,939.78	8.65	6.92
No. 8.....	1,221.03	2,062.35	4.10	2.89
No. 9.....	1,000.18	1,327.35	3.36	1.86
No. 10.....	966.12	1,314.43	3.24	1.84
No. 11.....	1,450.37	1,676.71	4.87	2.35
No. 12.....	4,026.95	4,304.75	13.50	6.03
No. 13.....	1,028.43	1,028.43	3.45	1.44
No. 14.....	1,463.05	1,463.05	4.91	2.05
No. 15.....	1,305.49	1,305.49	4.38	1.83
No. 16.....	563.25	563.25	1.89	.79
Miscellaneous.....	317.41	365.53	1.07	.50
Mobile unit No. 1.....		404.53		.57
Cigarette sale.....		206.45		.29
Total sales.....	29,803.39	71,406.45	100.00	100.00
Cost of goods sold.....	21,352.02	52,385.98	71.64	73.36
Gross profit.....	8,451.37	19,020.47	28.36	26.64
Departmental expenses:				
Salaries and wages, schedule B-6.....	3,263.18	9,043.37	10.95	12.66
Loss on cases and bottles.....	332.20	1,018.24	1.11	1.43
Stand taxes.....	30.63	30.63	.10	.06
Book matches.....	67.67	67.67	.23	.08
Miscellaneous.....	2.50	6.35	.01	.01
Total expenses.....	3,696.18	10,166.26	12.40	14.24
Departmental profit.....	4,755.19	8,854.21	15.96	12.40

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SCHEDULE B-3.—*Ferguson-Oman Company, Wolf Creek Ordnance Plant, Commissary Dept.*

SAFETY SHOE STORE

	Amounts		Percentages	
	July 1941	Project to date	July 1941	Project to date
Sales.....	\$891.90	\$1,091.56	100.00	100.00
Cost of merchandise.....	739.80	899.14	82.95	82.37
Gross profit.....	152.10	192.42	17.05	17.63
Departmental expenses:				
Salaries and wages, schedule B-6.....	112.51	300.02	12.61	27.49
Locks for doors.....		2.25		.20
Shelves for store.....		24.41		2.24
Express on sales.....	5.84	5.84	.65	.53
Total expenses.....	118.35	332.52	13.26	30.46
Departmental profit or loss ¹	33.75	140.10	3.79	12.83

¹ Italics indicate red figures.SCHEDULE B-4.—*Ferguson-Oman Company, Wolf Creek Ordnance Plant, Commissary Dept.*

OTHER INCOME

	Amounts		Percentages	
	July 1941	Project to date	July 1941	Project to date
Music box.....	\$43.15	\$214.40	14.34	23.40
Vending machines.....	10.25	26.75	3.41	2.92
Cash discounts earned.....	237.51	642.99	78.90	70.17
Uniform sale profit.....		18.50		2.02
Telephone commission.....	10.07	13.63	3.35	1.49
Total other income.....	300.98	916.27	100.00	100.00

SCHEDULE B-5.—*Ferguson-Oman Company, Wolf Creek Ordnance Plant, Commissary Dept.*

ADMINISTRATIVE AND GENERAL EXPENSES

	July 1941	Project to date
Salaries and wages, schedule B-6.....	\$1,151.58	\$2,953.91
Printing and stationery.....	10.00	288.31
Trade Publications.....		1.00
Traveling expenses, manager.....	73.91	108.81
Insurance:		
Workmen's compensation.....		292.44
General.....	¹ 13.54	85.16
Accountants' fees, including salary of resident auditor.....	750.00	1,600.00
Accountants' maintenance.....	105.65	269.05
State unemployment tax 2.7 percent.....	215.19	703.18
Federal unemployment tax \$0.03.....	23.91	78.13
Federal retirement tax, 1 percent.....	79.70	261.59
Miscellaneous.....	2.90	192.43
Total administrative and general expenses.....	2,399.30	6,834.01

¹ Italics indicate red figures.

SCHEDULE B-6.—*Ferguson-Oman Company, Wolf Creek Ordnance Plant, Commissary Dept.*

SALARIES AND WAGES

	Number	July 1941	Project to date
Dormitories: Assistant manager.....	1½	\$184.48	\$1,464.31
Food:			
Day manager.....			290.00
Night manager.....	1	197.41	543.24
Service:			
Counter girls.....	20½	1,025.90	3,867.52
Bus boys.....	3	162.42	405.54
Preparation:			
Chef.....	1	275.82	1,175.00
Cooks.....	7	640.55	2,785.79
Dishwashers and potwashers.....	4	197.09	1,134.46
General:			
Storekeeper.....	1	125.88	487.20
Porter.....	3	160.29	549.04
Cashiers.....	3	269.56	922.45
Total food.....	43½	3,054.92	12,160.24
Stands:			
Supervision.....	2	345.45	917.94
Warehouse.....	3	423.94	1,676.11
Stand operators.....	50	2,493.79	6,449.32
Total stands.....	55	3,263.18	9,043.37
Shoe store.....	1	112.51	300.02
Administrative and General:			
Manager.....	1	337.50	625.00
Manager's secretary.....	1	202.50	375.00
Assistant auditor.....	1	135.00	470.83
General cashier.....	1	202.50	630.00
Clerk, stand auditor.....	1	116.59	369.76
Accounting secretary.....	1	157.49	483.32
Total Administrative and General.....	6	1,151.58	2,953.91
Total.....		7,766.67	25,921.85
Less: Charged to pre-opening expense, dormitory assistant manager.....	½	184.48	1,464.31
Total salaries and wages as per exhibit B.....	106½	7,582.19	24,457.54

LETTER No. 103-A

HUNTSVILLE, ALA., December 6, 1941.

DEAR MR. ROBINSON: As per your request I herewith submit my comments on the sworn statement of W. A. Walsh, Chief Accountant for Ferguson-Oman Co. on the Wolf Creek Ordnance Plant job at Milan, Tennessee:

I assume that Mr. Walsh in his sworn statement is referring to the testimony of Mr. Thomas relative to the "Commissary Employees" who were carried on other pay rolls of Ferguson-Oman Co., however, he does mention something about truck rentals, in connection with his testimony.

There were three trucks assigned to the Commissary sometime early in the construction of the plant, however, drivers were furnished for only two of these. The other truck was operated by different people who were on the pay rolls of the commissary. I tried for over a month, before I was taken off the commissary work, to get all the cost of operating these trucks as I felt that that should be charged against the commissary. I have no recollection of any of this charge being paid by the commissary. Ferguson-Oman Co. have taken the position that the trucks are part of the utility service which the Government should furnish, but I can't see how they could claim reimbursement for the drivers of the trucks when their contract specifically says that the cost of operating personnel and supplies will be borne by the Contractor. Also why didn't they ask to be reimbursed for the wages paid to the driver of the third truck?

Mr. Walsh has sworn that the testimony of T. D. Thomas, before the Senate Investigating Committee in Washington, on Nov. 26, 1941, is not correct, therefore Mr. Walsh swears that T. D. Thomas testified falsely. As I was chief commissary

auditor on the Wolf Creek job when most of the non-reimbursable items were charged off on reimbursable payrolls I will try to set forth the facts as I see them.

The commissary was opened on Feb. 24, 1941 as far as I was able to ascertain, although I did not start working on the job until the seventeenth of April. Previous to Feb. 24th Mr. Houston Bond was put on the commissary pay roll. I presume that he was getting the commissary in shape to open. His pay was correctly charged to the commissary. Later he was put in the "Personnel Office" of Ferguson-Oman Co. I understand that he and F. T. O'Keefe who was made manager of the Commissary could not get along very well together. Mr. O'Keefe was manager of the commissary at a salary of \$75.00 per week. I don't remember the exact date that he commenced work, but it was prior to Feb. 24th. All pay rolls of the commissary, up to the time I was put on other work were signed by him commencing with the first pay-roll issued. Mr. O'Keefe had a secretary who drew a salary of \$40.00 per week when she commenced. This was later increased to \$45.00 per week. There were others employed in the commissary, but as I have no notes I can't recall all their names from memory, but I think I will be able to furnish enough facts to satisfy any one.

Mr. Walsh attaches a copy of the July report of Horwath and Horwath, which he calls exhibit I and makes a part of his sworn statement. This report will serve in a measure to substantiate Mr. Thomas' testimony.

If you will look at "Schedule B-6 of said report where a break down of pay rolls is made; under Administrative and General you will note that they show the manager as having drawn a total of \$625.00 and his secretary \$375.00. This covers their pay from the third of June to the end of July. Previous to that time they were carried on other pay rolls for which Ferguson-Oman Co. were reimbursed by the Government. Mr. Walsh was well aware of the fact that these and other employees of the Commissary were carried on other than commissary pay rolls. Previous to the time that the above two people were put on commissary pay rolls I had a talk with Mr. F. Carlton Smith the auditor for Ferguson-Oman Co. who agreed that they should be on the commissary pay rolls, but he was unable to get the changes made. On June 3rd. Mr. Oman came to the Wolf Creek job and after he insisted that the changes be made, the above people were put on the commissary pay rolls as at beginning of business of June 4th.

In my opinion Mr. W. A. Walsh is too smart an accountant to swear to an affidavit concerning records and figures without first having the records and figures in question checked as to their accuracy, therefore I am satisfied that he has sworn falsely in order to try and discredit the testimony of T. D. Thomas.

As I told you in Milan, I was removed from Commissary work about July 15th by Mr. W. L. Otterbein, Jr., who succeeded Mr. T. D. Thomas as Chief Project Auditor, and put in the Materials section checking invoices of Procter and Gamble as this department was in a jamb. I stayed on that job until August 16th when I left on a three weeks vacation. After my return to Milan I was given other duties to perform, but about the first of October I was given the job of straightening out the commissary again and worked on it for about a week during which time I uncovered enough pay roll accounts to bring the total to over \$4,000.00 which should have been paid from the commissary pay rolls, but which had been charged against reimbursable pay rolls.

I am attaching herewith a section of the Ferguson-Oman Co. contract relating to their operation of the Commissary together with the sections of the Manual which covers the same.

I trust I have not burdened you too much with the many details covering the above.

Sincerely,

GROVER C. STERLING,
1816 Whitesburg Drive.

FERGUSON-OMAN COMPANY

Original Contract Dated Dec. 31, 1940

Part of Item "I" Page 6

The cost of maintaining commissary buildings and utility service therein will be reimbursed, but the cost of all commissary operating personnel and supplies will be borne by the Contractor. All commissaries will be operated as nearly as possible without profit or loss and shall be subject to such sanitary regulations as the Contracting Officer shall prescribe.

COMMISSARY

Chapter 1—General

5701 02-C The Government is obligated to reimburse the Contractor for the *maintenance* cost of commissary buildings and utility service therein, but *operating* costs, specified as costs of all operating personnel and supplies must be borne by the contractor.

If the Contractor makes a profit he keeps it; if there is a loss, he must absorb it; but the cost of maintaining commissary buildings and utility service must not be elements of loss in operation.

5701 03-A 4 "Utilities Service" will be construed to mean electricity, gas and water for whatever purpose used and includes any reasonable substitute used in lieu of gas and electricity. (Examples of such substitutes are coal or wood used for heating and cooking, ice used for refrigeration, etc.)

Above Commissary regulations were issued Aug. 29, 1941, I believe.

AFFIDAVIT No. 104

[In connection with this affidavit see Affidavit No. 104-A below]

STATE OF TENNESSEE,
County of Carroll:

Personally appeared before me the undersigned authority, John Ralls, who being duly sworn deposed as follows:

My name is John Ralls, and I am employed by the Ferguson-Oman Company in charge of acquiring and placing on contract rental equipment for the Wolf Creek Ordnance Plant and the Milan Ordnance Depot.

I understand that Mr. T. D. Thomas testified before the Senate Investigating Committee in Washington, D. C., on November 26, 1941, and at that time referred to a Northwest Dragline machine which was leased on the Wolf Creek Ordnance Plant and the Milan Ordnance Depot projects from the Vollmer Company.

The machine involved is a Northwest #95 Dragline, 1938 model, with a 75 foot boom, 2¾ yard bucket, Kohler Light Plant, and Murphy Diesel engine. Its new cost was \$36,000 and its recapture value \$27,500, it was rented for \$1,750 per month.

This machine was shipped to the project on July 9, 1941 after the bid tabulation had been approved as to value and need by Lt. C. H. Bruce, Special Assistant to the Constructing Quartermaster and by Mr. G. E. Olsen, also of the Constructing Quartermaster's office.

This machine was inspected and accepted by the Government Inspectors, Lt. Broussard, and Mr. Jessup; and by Mr. S. H. Jones of the Tool and Equipment Inspection Department of the Constructing Quartermaster's office.

All of these Government Representatives were aware of the recapture value of \$27,500 placed on this machine by the lessor.

This machine has worked constantly and has rendered valuable service on this defense project.

The Ferguson-Oman Company does not have any equipment on rental agreement contract which was not approved by the proper Government officials. The acceptance and approval of this equipment constitutes approval of mechanical condition, contract value, monthly rental, and the need for the equipment on the defense project.

JOHN RALLS.

Sworn to and subscribed before me this 26th day of November, 1941.

[SEAL]

WINFRED H. LANCASTER, *Notary Public*.

Registered as a Notary Public in Henderson, Carroll, and Gibson Counties, Tenn., as provided by Chap. 193, Public Acts of Tennessee 1935.

My Commission Expires July 10th, 1945.

AFFIDAVIT No. 104-A

Much evidence having been submitted to the committee in proof of the Contractors' policy of selling equipment to the Government at outrageously excessive

prices, through the medium of Rental Agreements, it is now my intention to establish the fact that this policy was not developed during the progress of the work but that said policy was premeditated before construction was commenced and enforced from the beginning, thereby embracing the element of conspiracy to defraud the U. S. Government.

This statement is related from memory but shall be supported by an affidavit from Mr. Schley Jones, which will identify each piece of equipment and its lessor; stated values; set the dates of acquisition, detail conditions and location; and calculate the loss suffered by the Government in the "recapture" of this equipment.

Mr. Jones was inspecting equipment for Captain Horridge when I arrived at the Plant on February 12, 1941. He had been so engaged since February 3, 1941.

Immediately upon my arrival Mr. Jones complained to me about the condition of some 26 pieces that had already arrived and the valuations which the Contractors proposed to place on such equipment. At that time the Field Auditors were allowed a period of ten days in which to protest valuations, after the written schedule was presented to the C. Q. M. by the Contractor. The schedule covering these pieces of equipment reached the Field Audit on the afternoon of the tenth day.

Mr. Jones, assisted by another Government Inspector, Mr. Campbell and Captain Carlton hastened into the field to locate the equipment. They were able to locate all but three pieces and after they had noted the excessive valuations on two or three pieces, Captain Carlton departed from the scene and did not return. Mr. Jones and Mr. Campbell continued with the inspection and completed the work with the exception of the three pieces which could not be located. Their findings, as I remember them resulted in a decision that the equipment would be sold to the Government at a price of approximately \$23,000.00 more than their worth.

The Field Auditor protested this action and demanded that the appraisal of the equipment be reduced to a fair valuation. In the name of "emergency" and the immediate need for the use of the equipment the Field Auditor was over-ruled by the Government Officers assisted by the Contractors' Officials, and the equipment eventually became the property of the Government at a cost in excess of its value to the amount of approximately \$23,000.00.

T. D. THOMAS.

Witness:

H. G. ROBINSON.

STATE OF TENNESSEE,
County of Madison:

Personally appeared before me, Ora MacMillin, a Notary public in and for said State and County, Mr. T. D. Thomas, with whom I am personally acquainted, who acknowledged that he executed the foregoing instruction, and that the facts contained therein are true and correct.

IN WITNESS WHEREOF, I have hereunto affixed my hand and seal of office, this the 11 day of December, 1941.

[SEAL]

ORA MACMILLIN,
Notary Public.

My commission expires Aug. 8, 1944.

AFFIDAVIT No. 105

[In connection with this affidavit see Memorandum No. 105-A, on p. 3663]

STATE OF TENNESSEE,
County of Carroll:

Personally appeared before me the undersigned authority, John Ralls, who being duly sworn deposed as follows:

My name is John Ralls, and I am employed by the Ferguson-Oman Company in charge of acquiring and placing on contract rental equipment for the Wolf Creek Ordnance Plant and the Milan Ordnance Depot.

I understand that Mr. T. D. Thomas testified, on November 26, 1941 before the Senate Investigating Committee in Washington, D. C., with reference to a dragline leased on the project from Mr. M. L. Green.

The facts in connection with the lease of this equipment were regular, and it was necessary in the construction of this defense project; the machine involved was a 1939 model, Northwest dragline machine, with 2½ yard bucket, 70 foot boom, Kohler light plant, Murphy Diesel engine. This equipment was in good

condition and certified to be in good condition by the proper Government inspectors and authorities.

The new cost of this machine was \$36,000., the recapture value \$34,000., and the rent per month \$2250.

This machine was shipped to this project on July 10, 1941, after the bid tabulation as to value and need was approved by both Lt. C. H. Bruce, Special Assistant to the Constructing Quartermaster, and Lt. B. J. Nickelsen of the office of the Constructing Quartermaster. On its arrival the machine was inspected and received by Lt. Broussard, and Lt. Nickelsen, both of the office of the Constructing Quartermaster, as well as by Mr. S. H. Jones of the Government Tool & Equipment Office. These men, at this time, were the Government employees designated to do this work. It was their duty and responsibility to either accept or reject the machine.

The Owner, Mr. M. L. Green was present at the time of the inspection and stated, before the machine was unloaded, that if the Government's representatives did not think this machine was worth the \$34,000. valuation placed on same, they were not to unload this machine, and that he would return it to the original point of shipment, paying the freight both to and from the project. Lt. Broussard expressed a desire to see the machine operate. Mr. Green informed the Inspectors and Officers that he was not afraid of the performance of the machine and that he would have it unloaded and if not satisfactory in this respect would stand the expense of unloading.

Mr. Green spent approximately \$100. on outside labor in unloading the machine in order that the Government representatives might see the machine operate. It was fully demonstrated and being found in good condition the Ferguson-Oman Company was instructed to accept the machine at its valuation of \$34,000. and to give it a Government number and place it on a rental contract, which was done on July 14, 1941.

This machine has been at work constantly since that time, performing valuable services in connection with the covering of igloos which is used for the storage of high explosives on this defense project.

This type of large machinery is very hard to acquire and we were fortunate in obtaining rental of the same.

JOHN RALLS.

Sworn to and subscribed to before me this 26th day of November, 1941.

[SEAL]

WINFRED H. LANCASTER, *Notary Public*.

Registered as a Notary Public in Henderson, Carroll, and Gibson Counties, Tenn., as provided by Chap. 193, Public Acts of Tennessee 1935.

My Commission Expires July 10th, 1945.

MEMORANDUM No. 105-A

MEMORANDUM

In explaining the changes in rental equipment contracts, Mr. Thomas testified that after the change whereby the Government could not question the stated value, there was a large amount of equipment which came on the project immediately thereafter. Mr. Thomas recalled two instances which were draglines owned by the Vollmer Company and M. L. Green. In analyzing the draglines on the project it was found that there were three draglines of similar capacity.

1. #531 is a Northwest dragline #95, Serial 5740 (1939), valued at \$34,000., rented for \$2,250. per month, received July 14, from M. L. Green.
2. #535 Northwest gradline #95, Serial 5475 (1938), valued at \$27,500., rented for \$1,750. per month, received July 16, from the Vollmer Company.
3. #514 Northwest dragline #95, Serial 5483 (1938), valued at \$27,500, rented at \$1,750, per month, received April 14 from the Taylor-Hale Machinery Co.

From replies received from the three above lessees, these items have a replacement cost of \$36,000.

According to schedules of the Associated General Contractors, the average depreciation on this type of equipment is 16% a year. In applying this rate of depreciation it would indicate the following depreciated values for the three above described pieces of equipment:

#531	-----	\$21, 600
#535	-----	\$15, 840
#514	-----	\$15, 840

It is apparent that the Vollmer Company and Taylor-Hale Machinery Company by placing their items on the project at \$27,500, each received far in excess of a fair depreciated value. In the case of M. L. Green the value of \$34,000. allowed or his item of equipment was also far in excess of a fair depreciated value which would seem to establish Thomas's testimony that these pieces of equipment were overvalued and brought to the project after the Government could not attack the stated value, and it is further noted that Mr. Ralls' affidavit indicates there was some doubt concerning whether or not the item received from M. L. Green was in condition to operate properly. It was pointed out that Mr. Ralls limits the prerogatives of the Government employees as follows:

"It was their duty and responsibility to either accept or reject the machine."

With respect to the attempt of the Vollmer Company to overvalue its equipment, the attached report submitted by the Tool and Equipment Section sets out details with respect to another item.

On July 7, 1941, Contract Number W-7011-QM-2, shows that one 1940 cab engine Chevrolet, 1½ ton truck equipped with an oil field power winch was received by bid. The owner was the Vollmer Company of Memphis, Tennessee. It showed a value of \$1,827 new. It was submitted and approved at a value of \$1,475. The approval was made by the Purchasing Department of Ferguson-Oman Company, Wolf Creek Ordnance Plant, Milan, Tennessee.

The C. Q. M. Equipment Inspector refused to accept this piece of equipment at \$1,475, stating same was over-valued and recommended that this piece of equipment be accepted at a maximum valuation of \$1,100. This arrangement was accepted by the Purchasing Department and the equipment was received with a valuation of \$1,100. For verification see bid sheet number W-7011-QM-2. Also GS requisition number, GS-4643. This information is submitted to show that this equipment would have been received at approximately \$375 over-valuation unless a reduction in valuation had been demanded by the C. Q. M. Inspector.

AFFIDAVIT No. 106

[In connection with this affidavit see Affidavit No. 106-A on p. 3665]

STATE OF TENNESSEE,

County of Carroll:

Personally appeared before me, the undersigned authority, John Taylor, who being duly sworn, deposed as follows:

My name is John Taylor, and I am employed by the Ferguson-Oman Company as Superintendent of Transportation & Equipment. At the present time I live at Milan, Tennessee, and work on the Wolf Creek Ordnance Plant and the Milan Ordnance Depot.

My attention is called to the testimony of a Mr. Thomas before the Senate Investigating Committee on November 26, 1941, in Washington, at which time he testified to the effect that five Euclid Trailers had been idle 6,942 hours in the four month period, March 25, 1941 to July 19, 1941.

These five Euclids, during this period worked 5,231 hours. There were nineteen Sundays during this period when such equipment and crews do not work, and therefore these Euclids averaged working fourteen hours per day during the four month period.

I further understand that he testified that there were \$4,780.00 repairs to these five Euclids. This is not true. There was, however, \$4,413.57 repairs made to this equipment. This total, however, is for all five Euclids and is not excessive considering the heavy duty performed and the hours worked. Each Euclid's average repairs, on this basis, was \$220.68 per month.

During the first part of the period in which this equipment operated, the crews were only working 8 hours per day, 5 days per week or 40 hours per week as the job regulations call for. Nevertheless, the average of fourteen hours per day is based on a six day week throughout the entire time.

JOHN TAYLOR.

Sworn to and subscribed before me on this, the 26th day of November, 1941.

[SEAL]

WINFRED H. LANCASTER, *Notary Public.*

My Commission Expires: July 10, 1945.

Registered as a Notary Public in Henderson, Carroll, and Gibson Counties, Tenn., as provided by Chap. 193, Public Acts of Tennessee 1935.

My Commission Expires July 10th, 1945.

AFFIDAVIT No. 106-A

Reference is made to a sworn affidavit signed by John Taylor under date of November 26, 1941:

It is noted that Mr. Taylor's affidavit was executed in either Henderson, Carroll or Gibson County in Tennessee, on November 26, 1941, and refers to my testimony before the Truman Senate Investigating Committee in Washington on that same day.

I question the competency of Mr. Taylor to make affirmation in regard to matters or incidents which were quite apart from his assigned activities at the Wolf Creek Ordnance Plant. Mr. Taylor's title as Superintendent of Transportation and Equipment was not consistent with his activities and he had very little to do with heavy equipment, being busy to a great extent, with the dispatching of light equipment which assignment was accomplished by him in a very unsatisfactory manner.

In response to Mr. Taylor's statement I shall elaborate upon my testimony with the following information, which is supported by the records in the office of the Field Auditor, at the Wolf Creek Ordnance Plant:

Euclids Numbered 1221-1222-1223-1224-1225

Hours:	
Worked	6, 618
Broken Down.....	2, 140
Idle.....	4, 802
Total	13, 560
Dollars:	
Rentals	\$15, 820. 00
Repairs and Replacements.....	4, 780. 02
Total	20, 600. 02

Average rental cost per day, \$35.82, including idle time, working time, Sundays and holidays, exclusive of gas, oil, grease and operators' wages.

Average cost of repairs and replacements per machine, \$956.00.

T. D. THOMAS.

WITNESS:

H. G. ROBINSON.

STATE OF TENNESSEE,

County of Madison:

Personally appeared before me, Ora MacMillan, a Notary Public in and for said State and County, Mr. T. D. Thomas with whom I am personally acquainted, who acknowledged that he executed the foregoing instrument, and who affirms that the facts contained therein are true and correct.

IN WITNESS WHEREOF, I have hereunto affixed my hand and seal at Office, this the 11 day of December, 1941.

[SEAL]

ORA MACMILLAN,
Notary Public.

My commission expires August 8, 1944.

AFFIDAVIT No. 107

[In connection with this affidavit see Memorandum No. 107-A on p. 3666.]

STATE OF TENNESSEE,

County of Carroll:

Personally appeared before me, the undersigned authority, John Ralls, who being duly sworn, deposed as follows:

My name is John Ralls, and I am employed by the Ferguson-Oman Company in charge of acquiring and placing rental equipment under contract on the Wolf Creek Ordnance Plant and the Milan Ordnance Depot.

I understand that Mr. T. D. Thomas, in his testimony before the Senate Investigating Committee on November 26, 1941 in Washington, D. C., referred to Chevrolet Trucks, stating that they had been transferred from the Leonard Woods

project to the Wolf Creek Ordnance Plant and the Milan Ordnance Depot. This statement is not correct.

There was placed under rental contract on the Wolf Creek Ordnance Plant and the Milan Ordnance Depot several trucks obtained from lessors in Missouri, but no Chevrolet trucks were transferred from the Leonard Woods project.

All trucks obtained on rental contract from lessors living in Missouri were acquired after the bid tabulation had been approved as to price and need by the Construction Quartermaster's office. All equipment was also inspected, approved and accepted when it arrived on the job by Government Officials. Further, all of this equipment was needed and performed valuable services in connection with the erection of this defense project.

There were seven or eight Chevrolet Trailer trucks which consisted of a truck and trailer, acquired on rental contract from lessors living in Missouri. If any of these trucks had been used on the Leonard Woods project, they had been released by the Government, otherwise they would not have been in the possession of the lessor. The release of a truck by the Government on any project constitutes a surrender of their rental payment equity.

JOHN RALLS.

Sworn to and subscribed before me this 26th day of November, 1941.

[SEAL]

WINFRED H. LANCASTER,
Notary Public.

Registered as a Notary Public in Henderson, Carroll, and Gibson Counties, Tenn., as provided by Chap. 193, Public Avts of Tennessee 1935.

My Commission Expires July 10th, 1945.

MEMORANDUM No. 107-A

MEMORANDUM

In connection with the affidavit of John Ralls, it recites that Mr. Thomas in his testimony referred to certain trucks being transferred from the Fort Leonard Wood to the Wolf Creek Ordnance project which statement was not correct. The question addressed to Mr. Thomas was as a result of a reply received by the Committee from Jim DePriest which is attached as an exhibit, which exhibit states that a truck originally valued at \$2,300 had drawn rent in the amount of \$2,250 at Fort Leonard Wood and had drawn additionally \$1,520 at Wolf Creek Ordnance Plant up to September 1, 1941.

I. Outline the following information regarding your business organization.

A. Type

1. Contractor Trucking contractor & hauler
2. Equipment Distributor
3. Automobile Distributor (make and territory allocated)
1. Mill supplies and hardware
5. Office Equipment Dealer
5. Automotive parts Dealer

B. Date of Organization Not organized, started my business about 1931.

C. Officers and Directors Individual

D. Principal Stockholders or owners of beneficial interest. Individual

II. Outline the following information regarding any light or heavy equipment rented or sold to the government for use at the Wolf Creek Ordnance Plant or the Milan Ordnance Depot.

A. List all items describing the type, size, capacity, make, model and year of manufacture. One 1941 Chevrolet truck #119478 One Springfield S. Trailer #7011

B. List the value at which each item was placed on the above project and the amount of rental paid to date. (Indicate all instances of recapture) \$1850. (\$1600 plus \$250 for Tennessee license.)

C. In instances where the equipment was purchased by you for the express purpose of rental to the government on this project outline the following: Not purchased for this purpose

Actual cost to you including all trade and fleet discounts or allowances made or to be made.

Actual equity held by your company in each item over and above any lien, chattel mortgage or other encumbrance.

In instances where the items supplied were not of the type, make, and manufacture handled by your company in the regular course of business indicate source from which items were obtained.

D. In instances where the equipment was owned by your company prior to the inception of this project outline the following:—

Original cost and depreciated or book value at which the item was carried on your books. \$2300.

Amount of rental received on each item used previously on other government projects. Total of \$2250. at Ft. Leonard Wood.

III. Outline the extent of all sales of parts, accessories, mill supplies, hardware, etc. made by your company to this project showing the dollar value of these sales by month. None.

IV. Outline any instance wherein any member of your organization is connected, associated or affiliated through family relationship, business connections or otherwise with any member of the government or contractor organization engaged on this project. No connection of such nature.

V. Outline any instance wherein any former employee of your organization is or has been employed by either the government or contractor organization on this project. In each instance listed explain reason for termination of employment with your company. No such connection.

Signed this 18th. of October, 1941.

JIM DEPRESTE, *an individual.*

Witness.

AFFIDAVIT No. 108

[In connection with this affidavit see Affidavit No. 108-A on p. 3668]

STATE OF TENNESSEE,

County of Gibson:

Personally appeared before me the undersigned authority, Mr. W. A. Walsh, who being duly sworn deposes as follows:

My name is W. A. Walsh and at the present time I am living at Jackson, Tennessee. I am employed by the Ferguson-Oman Company as Chief Accountant on the Wolf Creek Ordnance Plant and the Milan Ordnance Depot. I have been in the accounting business for about twenty five (25) years.

I understand that Mr. T. D. Thomas testified before the Senate Investigating Committee in Washington, D. C. on November 25, 1941, that there was a lack of understanding of the requirements with respect to discounts on this project, and intimated that available discounts on purchases made were not taken advantage of. Such a statement is not true in any particular.

The Ferguson-Oman Company on the Wolf Creek Ordnance Plant and the Milan Ordnance Depot take advantage of and have taken advantage of all discounts on the purchases of material. This is carefully checked by a competent staff.

Mr. Thomas showed a lack of knowledge with respect of taking discounts. As a matter of fact, should any discount be missed and not taken advantage of, the loss by reason of not taking advantage of the discount is not charged to the Government, but is paid out of the pockets of the Contractor and hence comes out of his fee.

This has been the procedure from the start of this project and I cannot emphasize too much that any statement made to the contrary is unwarranted and without foundation.

W. A. WALSH.

Subscribed and sworn to before me this 30 day of November, 1941.

[SEAL]

O. W. JONES, *Notary Public, Gibson County.*

My commission expires May 20, 1945.

AFFIDAVIT No. 108-A

Reference is made to an affidavit subscribed by Mr. W. A. Walsh under date of November 30, 1941.

Mr. Walsh's affidavit consists primarily of his contention that he is better informed pertaining to discounts than am I. He supports his claim with this statement (quote Mr. Walsh) "I have been in the accounting business for about twenty-five (25) years."

Please be advised that I, (T. D. Thomas) have been licensed as a Certified Public Accountant since 1915, twenty-six (26) years; one up on Mr. Walsh even if he were a C. P. A., which he isn't, and which is not likely.

Other points in Mr. Walsh's affidavit are covered in my statements relative to Mr. E. J. Whitecher's affidavits.

T. D. THOMAS.

WITNESS:

H. G. ROBINSON.

STATE OF TENNESSEE,

County of Madison:

Personally appeared before me, Ora MacMillan, a Notary Public in and for said State and County, Mr. T. D. Thomas, with whom I am personally acquainted, and who acknowledged that the foregoing statement was executed by him, and that the facts contained therein are true and correct.

IN WITNESS WHEREOF I have hereunto affixed my hand and seal of Office, this the 10 day of December, 1941.

[SEAL]

ORA MACMILLAN,
Notary Public.

My Commission expires August 8, 1944.

The following affidavits are included in the record in connection with the testimony of Leo B. Helzel, *supra* pp. 3075-3091, 3214-3215.

AFFIDAVIT No. 109

[In connection with this affidavit see Affidavit No. 109-A below]

STATE OF TENNESSEE,

County of Carroll:

Personally appeared before me the undersigned authority, Kathryn McConnell, who being first duly sworn deposed as follows:

My name is Kathryn McConnell and I live at Milan, Tennessee. I was formerly employed in the Chief Time Keeper's office of the Constructing Quartermaster's office on the Wolf Creek Ordnance Plant. I went to work on or about February 18, 1941 and left the Quartermaster's office on June 1, 1941.

I understand that Leo B. Helzel testified that when he came to the Wolf Creek Ordnance Plant he found the office force was only working two days per week; that they were standing around the stove and had nothing to do except keep warm and that he soon straightened out this situation and put them to work. None of this is true.

Before Mr. Helzel came on the job we had been working eight to ten hours per day, six days per week and worked many nights.

When Mr. Helzel arrived he called a meeting and had all of the field men brought into the office. He then got up and made a speech in which he told us all that "I am just another Hitler" "I am Hitler Helzel". I have come here to run this job and I have full authority to do anything I want to do.

It is ridiculous for Mr. Helzel to state we had only worked two days per week when as a matter of fact, we had worked hard ten hours per day, six days per week and kept proper and complete records before he ever arrived.

After Mr. Helzel took charge of the office he would not talk to any of the employees. Any employee who wanted to say anything to him or talk to him was required first to write it out and place it on his desk. His attitude at all times was arrogant, overbearing and insulting.

KATHRYN MCCONNELL.

Sworn to and subscribed before me this 27 day of November 1941.

[SEAL]

LILLIAN J. JOHNSON, *Notary Public*.

Registered as a Notary Public in Gibson County and Carroll County, Tennessee, as provided in Chapter 193, Public Acts 1935.

AFFIDAVIT No. 109 A

I, Leo B. Helzel, having been sworn previously in this proceeding make the following statement in further support of my testimony to H. G. Robinson, knowing him to be an Investigator of the Special Senate Committee investigating the National Defense Program:

Mrs. Kathryn McConnell was formerly employed in my office at the Wolf Creek Ordnance Plant.

Mrs. McConnell is a very fine person who is suffering from numerous diseases of the body which may affect her reasoning.

The certificate by Dr. M. H. McRae, United States Compensation Commission, Corinth, Mississippi, states that she is suffering "melanhyia." This communication is in the Official Constructing Quartermaster's file dated April 6, 1941.

Mrs. McConnell was ill on numerous occasions while she was working in the office of the Chief Time Inspector, and everyone treated her with the greatest amount of respect due to the failing condition of her health.

Mrs. McConnell provided a room at one time for her employer, which was Mr. Joseph T. McCarran at that time.

Previous to this employment, Mrs. McConnell worked at a fruit stand. This was her only employment.

Mrs. McConnell has stated that "we worked hard ten hours per day, six days a week, and kept proper and complete records before he ever arrived." This statement refers to the condition of the office prior to my advent.

An examination of the official Quartermaster's Time Sheets from February 1st of March 14, 1941, shows that the employees of the office of the Chief Time Inspector did not work in excess of forty hours per week.

(Signed) LEO B. HELZEL,

Sworn to and subscribed to before me, at Jackson, Tennessee, December 12, 1941.

H. G. ROBINSON,

*Investigator Special Senate Committee Investigating
the National Defense Program United States Senate.*

AFFIDAVIT No. 110

[In connection with this affidavit see Affidavit No. 110-A below]

STATE OF TENNESSEE,

County of Carroll:

Personally appeared before me Odell Britt who being first duly sworn deposed as follows:

My name is Odell Britt and at the present time I live at Jackson, Tennessee. I am employed as assistant clerk in the Ordnance Department on the Wolf Creek Ordnance Plant. I have been employed on the Wolf Creek Ordnance Plant since February 5, 1941. I formerly was employed in the Constructing Quartermaster's office as senior clerk in charge of time checkers on this project for the U. S. Government.

My attention has been called to the testimony of Mr. Leo Helzel before the Senate Investigating Committee in Washington, D. C. that when he came to the office on the project, he found nobody at work, that they were standing around the stove doing nothing and told him he was a young man and should get a job and on his introducing himself that all snapped to attention in regular army fashion; that the employees in this office were only working two days per week. None of these statements are true.

I well remember the time when Mr. Helzel came on the job, at that time we were working 10 hours per day, 6 days per week and the office was operating efficiently. Mr. Helzel told me that he wanted to see everyone in the office and I had to go out on the project and bring in the employees of this office, who at that time were performing their respective duties in the field. When all had assembled Mr. Helzel introduced himself as "Hitler Helzel" and informed the employees that he had come down to run the job, that he had full authority to do anything he wanted to do.

It is absurd for Mr. Helzel to state that we only worked two days per week, when as a matter of fact we worked 10 hours per day, 6 days per week and always had a crew on Sunday, splitting the Sundays to be worked among the staff; we kept proper records and complete records before Mr. Helzel ever arrived on the job and looked after the interests of the Government on the project.

ODELL BRITT.

Sworn to and subscribed before me this 27 day of November 1941.

[SEAL]

LILLIAN J. JOHNSON, *Notary Public.*

Registered as a Notary Public in Gibson County and Carroll County, Tennessee, as provided in Chapter 193, Public Acts 1935.

AFFIDAVIT No. 110-A

I, Leo B. Helzel, having been sworn previously in this proceeding make the following statement in further support of my testimony to H. G. Robinson, knowing him to be an Investigator of the Special Senate Committee investigating the National Defense Program:

I have noted on the affidavit of Odell Britt sworn to on November 27th, 1941, that "I was formerly employed in the Constructing Quartermaster's Office as Senior Clerk in charge of the Time Checkers on this project for the United States Government."

An examination of the official records reveals that Mr. Britt had the status of "Junior Time Checker," and, later on, that of "Assistant Clerk." At no time

did Mr. Britt ever occupy the position of Senior Clerk, as was sworn by him in his affidavit.

Mr. Britt was released from the services of the Constructing Quartermaster's office by his resignation which stated "reason over which I have no control." It was later determined that Mr. Britt had been asked to submit his resignation rather than be terminated with prejudice.

Mr. Britt was then employed by the Contractor.

Mr. Britt appeared before Mr. Robinson, Mr. Bonek, Mr. Thomas and myself on Friday evening, December 5, 1941, at which time he stated that he wished to change his affidavit because the statement "None of Mr. Helzel's statements were true" was not correct.

It also has been noticed by the above mentioned people that Mr. Britt has been intoxicated on numerous occasions.

Mr. Britt has made the statement to me to the effect that while he liked me personally, he felt he had been given a "dirty deal" inasmuch as he was not promoted from the position he originally obtained in the Department, that of Time-keeper.

He also stated that he owed allegiance to Mr. Joseph T. McCarran, due to the fact that Mr. McCarran gave him his first job and tried to secure employment for him with the Contractor when he was released from the services of the Constructing Quartermaster.

An examination of the official Quartermaster's Time Sheets from February 1st to March 14, 1941 shows that the employees of the field force of the Chief Time Inspector did not work the sixty hours per week described by Mr. Britt.

Mr. Britt's statement of working "ten hours per day, six days per week" does not coincide with the official Time Records.

(Signed) LEO B. HELZEL.

Sworn to and subscribed to before me, at Jackson, Tennessee, December 10, 1941.

H. G. ROBINSON,

Investigator Special Senate Committee Investigating the National Defense Program, United States Senate.

At the time Mr. Britt appeared Friday evening December 5, 1941, I recommended that no affidavit be taken due to his intoxicated condition.

H. G. ROBINSON.

AFFIDAVIT No. 111

[In connection with this affidavit see Affidavit No. 111-A on p. 3672]

STATE OF TENNESSEE,

County of Carroll:

Personally appeared before me L. D. Nowell, Jr. who being first duly sworn deposed as follows:

My name is L. D. Nowell, and I am employed at the present time by the Procter & Gamble Defense Corporation at the Wolf Creek Ordnance Plant. I was formerly employed as Senior Clerk in the timekeeping department of the Field Auditor Division of the Constructing Quartermaster's office.

I assumed my duties with the Constructing Quartermaster's office during the first part of February.

My attention has been called to the testimony of Mr. Leo Helzel before the Senate Investigating Committee in Washington, D. C., that when he came to the project he found no one in his office at work; that they were standing around the stove doing nothing and told him that he was a young man and should get a job; that upon introducing himself they all snapped to attention in regular army manner; that at the time he appeared on the job the employees of this office were only working two days per week. I was one of these employees and this statement is not true.

I remember the day when Mr. Helzel came on the job. We knew that he was coming and expected him. We were working on the job six days a week, eight to ten hours a day and worked many nights, and had been doing this long before Mr. Helzel ever appeared. We kept full and complete records and were operating efficiently.

Mr. Helzel from the beginning assumed a very arrogant and overbearing manner. Upon appearing he called a meeting and introduced himself to the

employees as "Hitler Helzel." He stated that he had come down to run the job, and that he had full authority to do anything that he wanted to do.

L. D. NOWELL, JR.

Sworn to and subscribed before me this 27 day of November 1941.

[SEAL]

LILLIAN J. JOHNSON, *Notary Public*.

Registered as a Notary Public in Gibson County and Carroll County, Tennessee, as Provided in Chapter 193, Public Acts 1935.

AFFIDAVIT No. 111-A

I, Leo B. Helzel, make the following voluntary statement to Mr. H. G. Robinson whom I know to be an Investigator for the Truman Committee of the United States Senate:

Mr. L. D. Nowell was in the employ of the Constructing Quartermaster from February 19th, 1941 to May 31st, 1941. He held the status of Junior Time Checker, \$1440.00 per annum to May 1st, 1941, and that of Assistant Clerk to May 31st, 1941, at which time he was terminated by the Constructing Quartermaster due to a "reduction in force." These facts have been taken from the official CQM personnel file of Mr. L. D. Nowell.

Mr. Nowell's sworn statement of November 27th, 1941 states that he was Senior Clerk in the Timekeeping Department. This statement is false as the official records reveal he occupied the status of "Junior Timekeeper" during that period, which position calls for "simple work, little initiative, 90% under the supervision of his superiors."

Mr. Nowell was a nice young man, and I feel that he was spoiled in his business relations due to the fact that since the time he 16 years old, his official employment records show employment for his father and father-in-law, excluding the time he attended college. I thought he should be given a chance in a department other than mine and arranged for his transfer to another section of the Field Auditor's office, the Materials Section.

When he was terminated from the Field Auditor's staff in May, he secured employment with the Contractor working for Mr. McCarren, in spite of Major Brewer's letter of May 31st, 1941, in which he directed the contractor not to increase his administrative force. Copy of his personal history statement is attached.

LEO B. HELZEL.

Witness:

H. G. ROBINSON.

FERGUSON-OMAN COMPANY

Milan, Tenn.

PERSONAL HISTORY STATEMENT

(To be prepared by applicant in own handwriting)

Social Security Number _____ Today's Date: 92055

1. Name in full (Mr., Miss, or Mrs.) Nowell, Jr., Lester, Daniel.
2. Present address 14 18th Avenue, Humboldt, Tennessee. Telephone: 194.
3. Distance from present address to Milan _____
4. Legal (voting) residence Tennessee, Gibson County, Humboldt.
5. Where born New Mexico, Deming. Age 23. When born 3-3-1918.
6. If foreign-born, state whether naturalized or alien _____
7. Indicate sex marital condition, and race by check, thus: ☒ If Mrs., state other names under which previously employed.

SEX		MARITAL CONDITION				RACE (If other, state which)		
Male	Female	Single	Married	Divorced	Widowed	White	Colored	
X			X			X		

8. Number and ages of dependents domiciled with you: Wife, 18 years and cousin—18 years.
9. Statement of former employment:

Present or former employer	Position and character of work	Length of service		Salary
		Date		
		From	To	
Name: Mr. Robert Meybohm. Add: Wolf Creek Ordnance Plant, Chief Material Inspector.	Clerk-checking invoices, purchase orders and material receiving reports.	1941 Mar.	1941 June	\$1,620.00 annum.
Name: Mr. Joseph McCarran Add: Wolf Creek Ordnance Plant, Chief Time Inspector.	Clerk-auditing payrolls and time cards approved for payment.	1941 Feb	1941 Mar.	\$1,440.00 annum.
Name: Mr. R. D. Liles & Co. Add: Humboldt, Tennessee.	Manager of store	1940 Jan.	1941 Feb.	\$1,450.00 annum.
Name: Myself. Add:	Owner of store did all book-keeping and managing of store.	1938 Sept.	1940 Jan.	\$1,500.00 annum.

Can operate Typewriter: Yes. Adding Machine: Yes.

10. Education. Indicate by circling number of years:

Common school								High School				College				(Name of college, degrees, and dates conferred)
1	2	3	4	5	6	7	8	1	2	3	4	1	2	3	4	
																State Teachers College, Memphis, Tennessee, Auburn Pol. Institute, Auburn, Ala.

11. In case of emergency, notify Mrs. L. D. Nowell, Jr. Relationship: Wife; Post office address Humboldt, Tennessee.
12. Military and naval record. If any, check (✓) to indicate branch and other information and give dates of enlistment and discharge.

None	Army	Navy	Marine Corps	Coast Guard	National Guard	War Veteran
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The undersigned certifies that he is a citizen of United States of America and that he is not a member of any political party or organization which advocates the overthrow of our constitutional form of Government in the United States.

I certify that the foregoing answers are correct to the best of my knowledge and belief, and shall form the basis for my employment.

L. D. NOWELL, JR.

(Name as usually written and which will be used as official signature.)

(Use Reverse Side For Any Additional Information)

FERGUSON-OMAN COMPANY

Badge Number: 92055.
Classification: Clerk, Sr., Resigned to go with P & G.
Effective Date: 6-19-41; 8-11-41.
Rate: 35.00 week.

AFFIDAVIT No. 112

[In connection with this affidavit see Affidavit No. 112-A on p. 3674.]

STATE OF TENNESSEE,
County of Carroll:

Personally appeared before me James Grey (Colored), who being duly sworn deposed as follows:

My names is James Grey and I am employed by the Ferguson-Oman Company in the Sanitation Department and my duties are sterilizing drinking water barrels,

kegs and boots. I also take care of approximately eight garbage cans a day and look after the cleaning up of the yard at the Sanitation Department.

I knew Mr. Philip Helzel who worked in the Sanitation Department, and he was my immediate superior. I worked eight hours a day and was kept busy all the time and Mr. Helzel also worked and was kept busy during this time.

We sterilized all the boots that were used each day and exchanged the clean boots for the used ones the following day. We also sterilized the water barrels and kegs used for drinking water on the area. When we were using water freely during the hot months we sterilized from 150 to 200 barrels daily, and approximately 120 pairs of boots per day and this kept our crew very busy.

I have been told that Mr. Leo Helzel testified before the Senate Investigating Committee that all his father, Mr. Philip Helzel, did was swat flies. This statement is not true. Mr. Helzel and all of us worked very hard and I never saw him kill a fly at all. None of us killed flies as we had all we could do to do the work that was necessary each day.

JAMES GREY.

Subscribed and sworn to before me this 29 day of November, 1941.

VIRGINIA MURRAY,
Notary Public, Carroll County.

My commission expires April 29, 1945.

AFFIDAVIT No. 112-A

JANUARY 7TH, 1942.

CITY AND COUNTY OF LOS ANGELES,

State of California, ss:

I, Philip Helzel, do hereby make voluntarily the following statement to Mr. H. G. Robinson, whom I know to be an investigator for the Truman Committee of the United States Senate, and swear that the statement is true.

I was employed by the Ferguson-Oman Company during the construction of the Wolf Creek Ordnance Plant at Milan, Tennessee, from May 1941 to October 1941 inclusive. My son, Leo B. Helzel, was employed by the U. S. Constructing Quartermaster at the same project as Chief Time Inspector, and I understand has appeared as a witness before the Committee.

Prior to securing employment in May as Tool Checker with the Ferguson Oman Company, I has been in or about Milan in March. My first job at the project was as "Tool Checker" on a 48 hour week at \$30.00 per week. At a later date, the salary was slightly changed by changing the weekly rate to an hourly rate.

My son left the project at the beginning of August, at his own request, as he was aware of the tremendous waste, and spoke frequently at home about his inability to correct the situation. I was fully aware that there was waste, as my job, up to the time of my son Leo's knowledge and departure in August, could have been done away with without any trouble. I wanted to work. I pleaded with my supervisor, Mr. Knott, for something to do, as I am an American citizen, eager and willing to help out during these times, and have been an energetic worker for the past 35 years. I am no politician. The day is much longer when you have nothing or little to do. Mr. Knott replied to my question and demand for more work, "What are you worrying about, you are getting paid the same whether you work or not". I replied that I would much rather be doing something for the defense of our country than to be drawing the salary, and not producing as much as I was capable of doing.

My job was not the only position that could have been done away with. I personally know of hundreds of jobs that could have been filled by other positions, because there was hardly any work in those jobs, and the jobs paid up to \$1.75 an hour, with double time for Saturdays, Sundays, and holidays.

In August, after my son left, I was transferred to a foreman's job in another department, and really worked for the salary I earned. But from May to August, I had a hard job to keep busy. I had to stay in the warehouse, and to rid the place of the flies, and keep myself active during certain parts of the day, tried to keep the place clean of flies that were very annoying during the extreme Tennessee heat, not only for myself but for others.

I was happy during my stay in Tennessee because for the first time in a few years, my wife, my son, and myself were together, and I had good friends who I met at the project, who I liked and who liked me. However, I complained

bitterly at times for lack of work to keep myself busy, and to produce for our country.

PHILIP HELZEL.

Subscribed and sworn to before me this 7th day of January 1942.

[SEAL]

O. E. WILKINSON,
Signature and Official Title.

My Commission Expires March 19, 1945.

AFFIDAVIT No. 113

[In connection with this affidavit see Affidavit No. 112-A on p. 3674.]

STATE OF TENNESSEE:

County of Carroll,

Personally appeared before me, W. Senter Fields, Jr., who being duly sworn deposed as follows:

My name is W. Senter Fields, Jr., and I am employed by the Ferguson-Oman Company on the Wolf Creek Ordnance Plant and the Milan Ordnance Depot, in charge of the shifts at the Sanitation Department of this Project.

The Ferguson-Oman Company, in the operation of this project, received instructions and recommendations from the Tennessee State Health Department which included the requirement of sterilization of rubber boots, on the project, after each day's wear; they further included the sterilization of the water barrels on the project which contained drinking water for the various crews and laborers. These instructions were carried out.

My attention has been called to the testimony of Mr. Leo Helzel before the Senate Investigating Committee, in which he stated that the principal occupation of his father, Mr. Philip Helzel, while employed by the Ferguson-Oman Company, was killing flies. This silly assertion is not true.

Mr. Philip Helzel worked under my supervision. We had approximately 950 drinking water barrels on the area, and it was necessary to sterilize these at least once a week, and therefore, many of the barrels were sterilized each day as it would have been impossible to sterilize them otherwise.

In addition to sterilizing the boots and barrels, a part of the time Mr. Helzel collected the boots from the various superintendents of the different areas and exchanged cleaned and sterilized boots for the used ones. Further, a part of this time Mr. Helzel also engaged in looking after the icehouse which was used for the distribution of ice to what was known as floating crews who travelled about in trucks and who were unable to drink from the barrels which were placed at fixed points.

The workmen in the marsh areas and the workmen following rain wore rubber boots and we sterilized approximately 120 pairs per day. This was done, of course, to prevent the spread of foot diseases as well as to prevent the possible spread of venereal disease. It was possible to sterilize and we did sterilize about 20 pairs for each one and a half hours.

In addition to the sterilizing of rubber boots Mr. Philip Helzel also had to work on the sterilizing of approximately 950 drinking water barrels. This man was kept busy and rendered satisfactory services on the job. A statement that he was kept busy killing flies is absurd as will be seen from the duties required.

W. SENTER FIELDS, JR.

Subscribed and sworn to before me this 29 day of November, 1941.

[SEAL]

VIRGINIA MURRAY,
Carroll County.

My commission expires April 29, 1945.

AFFIDAVIT No. 114

[In connection with this affidavit see Affidavit No. 112-A on p. 3674.]

STATE OF TENNESSEE:

County of Carroll:

Personally appeared before me Martin Nesbitt (colored), who being duly sworn deposed as follows:

My name is Martin Nesbitt and I live in Milan, Tennessee. I am employed by the Ferguson-Oman Company in the Sanitation Department and my duties

are sterilizing boots and drinking water barrels and kegs, and I help clean up the Sanitation Department building and the yard.

I worked at the Sanitation Department when Mr. Philip Helzel was my immediate boss. We sterilized about 120 pairs of boots per day, or something like that, and sterilized about 150 to 200 water barrels each day. There were two of us boys worked on one shift with Mr. Helzel. We were all kept very busy including Mr. Helzel in getting this work done.

I understand that Mr. Leo Helzel testified before the Senate Investigating Committee that his father, Philip Helzel, was kept busy swatting flies. This is not true as I never saw Mr. Helzel swat flies and none of us ever swatted a fly as we were all busy turning out the work assigned to us and had to work hard to get it out.

MARTIN NESBITT.

Subscribed and sworn to before me this 29 day of November, 1941.

[SEAL]

VIRGINIA MURRAY,
Notary Public, Carroll County.

My Commission expires April 29, 1945.

AFFIDAVIT No. 115

[In connection with this affidavit, see Affidavit No. 112-A on p. 3674]

STATE OF TENNESSEE,

County of Carroll:

Personally appeared before me Ivory White (Colored), who being duly sworn deposed as follows:

My name is Ivory White and I am at the present time working for the Safety Department of the Ferguson-Oman Company. I formerly worked in the Sanitation Department under Mr. Philip Helzel, and my duties were sterilizing about 120 pairs of boots per day and something like 150 to 200 water barrels and kegs each day.

On one shift I was employed on this work with another man and Mr. Philip Helzel. All three of us had to work hard to get the barrels and boots sterilized and properly arranged and accounted for.

I understand that Mr. Leo Helzel made a statement before the Senate Investigating Committee that his father, Mr. Philip Helzel was kept busy killing flies. This is not true. During the entire time that I worked for Mr. Helzel I never saw him kill a fly at all. None of us killed flies or even thought about killing flies as we had all we could do to get our work done.

IVORY WHITE.

Subscribed and sworn to before me this 29th day of November, 1941.

[SEAL]

VIRGINIA MURRAY,
Notary Public, Carroll County.

My Commission expires April 29, 1945.

AFFIDAVIT No. 116

[In connection with this affidavit see Affidavit No. 112-A on p. 3674]

STATE OF TENNESSEE,

County of Carroll:

Personally appeared before me, the undersigned authority, F. S. Cupps, who being duly sworn, deposed as follows:

My name is F. S. Cupps, and I am employed by the Ferguson-Oman Company as Director of Personnel at the Wolf Creek Ordnance Plant and the Milan Ordnance Depot.

My attention is called to the testimony of Mr. Leo Helzel before the Senate Investigating Committee in Washington, D. C., with reference to the employment of his father on the project. His father of course was employed and performed satisfactorily the duties assigned to him. It is a wild and silly statement for Mr. Helzel to make that his father performed the duties of killing flies.

Some time after a general order to reduce the Administrative pay roll, or about that time, Mr. Helzel called on Mr. Miller, and, in my presence, asked Mr. Miller to continue his father on the job. A statement that he made at that time was

"because it was the first time his father had been happy with his work in the past ten years."

F. S. CUPPS

Sworn to and subscribed before me this 27 day of November, 1941.

[SEAL]

O. W. JONES, *Notary Public*.

My Commission Expires May 20, 1945.

AFFIDAVIT No. 117

[In connection with this affidavit see Affidavit No. 117-A on p. 3681]

STATE OF TENNESSEE,

County of Carroll:

Personally appeared before me the undersigned authority, F. S. Cupps, who first being duly sworn deposed as follows:

My name is F. S. Cupps and I am employed by the Ferguson-Oman Company as Director of Personnel on the Wolf Creek Ordnance Plant and the Milan Ordnance Depot, Milan, Tennessee. At the present time I am living at 113 Terrace Place, Jackson, Tennessee.

I attach hereto and make exhibit one to this affidavit a complete employment file on Philip Helzel, Father of Mr. Leo Helzel, a witness who testified on November 26, 1941, before the Senate Investigating Committee in Washington.

F. S. CUPPS.

Sworn to and subscribed to before me, this 26 day of November, 1941.

[SEAL]

WINFRED H. LANCASTER, *Notary Public*.

Registered as a Notary Public in Henderson, Carroll, and Gibson Counties Tenn., as provided by Chap. 193, Public Acts of Tennessee 1935.

My Commission Expires July 10th, 1945.

[Exhibit No. 1 to affidavit of F. S. Cupps relating to Philip Helzel]

Name: Philip Helzel. P. R. No. 67116.

Classification: Labor Sub S. B. "C" Rate: .60 $\left\{ \begin{array}{l} \text{wk} \\ \text{hr} \end{array} \right.$

Date Assigned: 6-28-41. Terminated: 7-26-41

S. S. No. 069-01-1247

Remarks:

Reassigned	P. R. No.	Classification	Rate	Terminated
7-27-41	54732	Lab. Sub Straw Boss	.85	10-16-41.

EMPLOYEES DISCHARGE NOTICE

Name: Philip Helzel.

Badge No. 54732.

Classification: labor sub straw boss A. Rate: .85 hr.

Discharge effective: Date 10/16/41 Hour $\left\{ \begin{array}{l} \text{A. M.} \\ \text{P. M.} \end{array} \right.$ Hours Worked Today: 8

Discharged by F. Y. Hacker (Reason for Discharge or Layoff). Resigned x
Sick No Work Cause

Approved by

Kind of Worker (✓): Excellent () Good () Fair () Poor ()

Pay check issued by Entered on Service Record Card.	Entering on Tabu- lating Record
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3678 INVESTIGATION OF THE NATIONAL DEFENSE PROGRAM

EMPLOYEES RATE OR CLASSIFICATION CHANGE

Name: P. Helzel. Badge No. 54732
 Present classification: Labor Sub Strawboss Class C. Present rate: .60. Old number: 67116.
 New classification: Labor sub Strawboss Class A. New rate: .85. New number: 54732.
 Date effective: July 27, 1941.
 Remarks:-----
 Authorized by F. Y. Hacker, Foreman.
 Approved by O. E. Miller.

ENTERED	Tabulating Dept.	Service Card Record
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CHANGE ORDER

Duplicate

Name: P. Helzel. No. 67116.
 Occupation: Sub Straw Boss. Rate: 60.
 New Occupation: Sub Straw Boss. New rate: 85.
 Date effective: 7-27-41. New No. 54732.
 Remarks:-----
 Authorized by F. Y. Hacker, Foreman.
 Checked and Entered By Time Checker: Entered on Employee Card:
 NOTICE: Used For All Changes In Rates of Wages.

ADDITIONAL TO PAYROLL ADVICE

FERGUSON-OMAN COMPANY
 WOLF CREEK ORDNANCE PLANT
 Milan, Tenn.

Current date: 6-28-41.
 Name: Helzel, Philip. Badge No. 67116.
 Present address: Jackson, Tenn.
 Legal Voting Address: New York, City.
 Social Security No.: 069-01-1247.
 Place of Birth: Austria. Age: 54. Date of Birth: 3-14-86. Father's Place of Birth: Austria. Mother's Place of Birth: Austria.
 Sex: M. Race: W. Married: X. Number Dependents: 1. Veteran: No.
 In case of accident notify Leo Helzel, Adm. Bldg., Whitthorne, Tenn.
 Work Location: Sanitation Dept. Requested by: Walker. Report to: Walker.
 Classification: Labor Sub S. B.—C. Rate R. T.: .60.
 Effective date: 6-28-41. Time: 8 a. m. Hours per day: 8. Days per week: 5.
 The undersigned certifies that he is a citizen of the U. S. A. and that he is not a member of any political party or organization which advocates the overthrow of our constitutional form of government in the United States.
 Signature:----- Witnessed by:-----

WFK
 GGR

FERGUSON-OMAN Co.
 WOLF CREEK ORDNANCE PLANT
 ADDITION TO PAYROLL ADVICE

Name: Philip Helzel. Payroll No. 67116. Reg. No. 2178
 Social Sec. No. 069-01-1247
 Classification: Labor Sub Straw Boss (C). Rate R. T.: .60. 110A. 8:00 a. m.
 Effective date: 6 28 40. Hrs. per day: 8. Days per week: 5.
 Race: W.
 Work location: Sanitation Dept. Name of foreman: Walker.
 Reclassification.

WALKER.

Reg. No. 2178
(To be filled out by personnel Dept.)

FERGUSON-OMAN Co.
WOLF CREEK ORDNANCE PLANT

Date: 6/27/41.

To: PERSONNEL DEPT.

Please secure the following personnel:

(Signed) WALKER.

No.	Classification	Rate	Date and time to report	Job location	Report to dept. head supt.
	Various.....	Various.....	.....	Sanit. Dept.....	Walker.

Past experience necessary to fill the above positions: Classification Change.

EMPLOYEES DISCHARGE NOTICE

Name: Philip Helzel. Badge No. 91951
 Classification: Tool Checker. Rate: \$30.00 wk.
 Discharge effective: Date: 6-27-41. Hour { A. M. -----
 { P. M. 4 Hours worked today: 8.
 Discharged by: Emp. Office (Reason for discharge or layoff).
 Transferred to hourly payroll.
 Approved by: -----
 Kind of worker (✓): Excellent () Good () Fair () Poor ()

Pay check issued by Entered on Service Record Card.	Entered on Tabu- lating Record
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ADDITION TO PAYROLL ADVICE

FERGUSON-OMAN COMPANY
WOLF CREEK ORDNANCE PLANT
Milan, Tenn.

Current date: 5-13-41.
 Name: Helzel, Philip. Badge No. 91951.
 Present address: 1232 Park Avenue, Jackson, Tenn.
 Legal voting address: New York, N. Y.
 Social Security No. 069-01-1247.
 Place of birth: Austria. Age: 54. Date of birth: 3-14-1886. Father's place of birth: Austria. Mother's place of birth: Austria.
 Sex: M. Race: W. Married: X. Number dependents: 1. Veteran: No.
 In case of accident notify Mrs. Hannah K. Helzel, 1232 Park Avenue, Jackson, Tenn.
 Work Location: Property Dept. Requested by: Walsh. Report to Hacker.
 Classification: Tool checker. Rate R. T.: 30.00.
 Effective date: 5-13-41. Time: 8:00 a. m. Hours per day: 8. Days per week: 5
 The undersigned certifies that he is a citizen of the U. S. A. and that he is not a member of any political party or organization which advocates the overthrow of our constitutional form of government in the United States.
 Signature:----- Witnessed by: WFK.
 Labor assignment supervisor:----- Director of personnel:--

[Personnel File Copy]

(Stamped): Active. Return to personnel files. Payroll No. 91951.

FERGUSON-OMAN COMPANY

Milan, Tenn.

PERSONAL HISTORY STATEMENT

(To be prepared by applicant in own handwriting)

- Social Security Number: 069-01-1247 Today's Date: March 14th, 1941.
1. Name in full (Mr., Miss., or Mrs.) Helzel, Philip.
2. Present address 1232 Park Avenue, Jackson, Tennessee. Telephone: Jackson 4304W.
3. Distance from present address to Milan: 24 miles.
4. Legal (voting) residence New York, Queens County, Long Island City.
5. Where born Austria, Podjahce. Age: 54. When born: March 14th, 1886.
6. If foreign-born, state whether naturalized or alien: Naturalized—New York—July 30th, 1915.
7. Indicate sex marital condition, and race by check, thus: ☒ If Mrs., state other names under which previously employed.

SEX		MARITAL CONDITION				RACE (if other, state which)		
Male	Female	Single	Married	Divorced	Widowed	White	Colored	
X			X			X		

8. Number and ages of dependents domiciled with you _____
9. Statement of former employment: _____

Present or former employer	Position and character of work	Length of service		Salary
		Date		
		From	To	
Name: I. Bornfriend and Co Add: Cigar Mfgs., 3553 Broadway, N. Y. City.	Tobacco buyer, cigar fabricator, supervisor of manufacturing.	Sept. 1932	M a r c h 1941.	\$35.00 per week.
Name: Siegel Cigar Mfg. Co Add: 84th St. and 2nd Avenue, New York, N. Y.	Foreman, supervising cigar Manufacturing.	1924	1932	\$50.00 to \$60.00 per week.
Name: General Cigar Co Add: 54th Street and 2nd Avenue, New York, N. Y.	Foreman, supervising cigar manufacture.	1912	1924	\$60.00 per week.
Name Add.				

- Can operate Typewriter: _____ Adding Machine _____
10. Education. Indicate by circling number of years: _____

Common School	High School	College	(Name of college, degrees, and dates conferred)
1 2 3 4 5 6 7 (8)	(1) 2 3 4	1 2 3 4	

11. In case of emergency, notify Mrs. Hannah Helzel, 1232 Park Avenue, Jackson, Tenn.
- Relationship: Wife. Post Office address: Above.

12. Military and naval record. If any, check (✓) to indicate branch and other information and give dates of enlistment and discharge.

None	Army	Navy	Marine Corps	Coast Guard	National Guard	War Veteran	
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The undersigned certifies that he is a citizen of United States of America, and that he is not a member of any political party or organization which advocates the overthrow of our constitutional form of Government in the United States.

I certify that the foregoing answers are correct to the best of my knowledge and belief, and shall form the basis for my employment.

(Name as usually written and which will be used as official signature.)

Use Reverse Side For Any Additional Information

Payroll No. 91951.

Name: Philip Helzel.
Class: Tool checker.
Rate: \$30.00 wk.
Effective Date: 5-13-41. Time: 8 a. m.
Report to: Hacker.
Employed by: Walsh.
Department: Property.

CARL DE VILBISS,

Labor Assignment Supervisor.

#416-MF

AFFIDAVIT No. 117-A

I, Theodore D. Thomas, do hereby submit the following statement of facts, to Mr. H. G. Robinson, whom I know to be an Investigator for the Truman Committee of the United States Senate:

Shortly after Mr. Leo B. Helzel assumed his position as Chief Time Inspector in March, 1941, at the Wolf Creek Ordnance Plant, he came to my office seeking my approval as his superior of the hiring by the Contractor, the Ferguson-Oman Company, of his father, Mr. Philip Helzel. I stated that I did not believe it was ethical to have his father employed as it was my belief that the morale of the project would suffer. Mr. Philip Helzel did not accept employment at that time.

In May, 1941, I was fully aware that relatives of key personnel were rampant on the project as Major Brewer, the Constructing Quartermaster and Captain Horridge, the Commanding Officer, and the key employees of the Contractors all had relatives on the payrolls. At Mr. Leo B. Helzel's request at that time I gave assent to his father securing a job with the Contractor.

I am not in favor of the practice of relatives of key personnel working on any project, but was powerless to control the situation at Wolf Creek Ordnance Plant, as the highest officials were setting the precedent, and under such circumstances I did not wish to penalize Mr. Helzel or his father.

T. D. THOMAS.

WITNESS:

H. G. ROBINSON.

STATE OF TENNESSEE,
County of Madison:

Personally appeared before me, Ora MacMillin, a Notary Public in and for said State and County, Mr. T. D. Thomas with whom I am personally acquainted, and who acknowledged that the statements in the foregoing instrument was executed by him, and that the facts contained therein are true and correct.

IN WITNESS WHEREOF, I have hereunto affixed my hand and seal at Office, this the 10th day of December, 1941.

[SEAL]

ORA MACMILLIN, *Notary Public.*

My commission expires August 8, 1944.

AFFIDAVIT No. 118

[In connection with this affidavit see Memorandum No. 118-A, below]

STATE OF TENNESSEE,
County of Carroll:

Personally appeared before me, Mr. C. D. Walker, who being duly sworn deposed as follows:

My name is C. D. Walker and I am employed by the Ferguson-Oman Company as a Sanitary Inspector in the Sanitation Department of the Wolf Creek Ordnance Plant and the Milan Ordnance Depot. Formerly I was in charge of the Sanitation Department.

I understand that Mr. Leo Helzel in testifying before the Senate Investigating Committee in Washington, D. C. referred to Mr. George W. Brewer, as being a foreman in charge of water barrels.

During the time I was superintendent in charge of the Sanitation Department, Mr. Geo. W. Brewer worked under me. The sanitation department not only has charge of the sterilizing of the water barrels, which water barrels are used for the drinking water of the various crews and laborers all over the project, but had further charge of the icing and keeping water in these barrels. There were approximately 950 such barrels in use on this large defense project.

Mr. Brewer was foreman in charge of the icing of these barrels.

As an illustration as to the amount of ice needed during the hot weather for the thousands of laborers during the months of May, June, and July, our record shows that 2,399,820 pounds of ice were used.

Mr. Brewer performed the duty of seeing that each barrel was properly iced; and further, in some remote places and hard places to get to, Mr. Brewer, in a pick-up truck would carry the ice to the barrels.

During the hot months there were two shifts kept busy providing the ice for laborers and Mr. Brewer attended to his duties, and his services were satisfactory and he was kept busy.

Mr. C. D. WALKER.

Subscribed and sworn to before me this 29th day of November, 1941.

[SEAL]

VIRGINIA MURRAY,
Notary Public, Carroll County.

My commission expires April 29, 1945.

MEMORANDUM No. 118-A

MEMORANDUM

Reference is made to the foregoing affidavit of C. D. Walker from which the following is quoted:

"Mr. Brewer performed the duty of seeing that each barrel was properly iced and further in some remote places and hard places to get to Mr. Brewer in a pickup truck would carry the ice to the barrels."

Reference is further made to the affidavit of John Lord wherein the following is quoted:

"This price to us was delivered to the various barrels and kegs located throughout the two projects. The Beare Ice and Coal Company, I know used four trucks every day in making these deliveries."

There is attached the personal history statement of George Washington Brewer setting forth his age as being 70 and his previous employment at Camp Hulen and Camp Wolters.

FERGUSON-OMAN COMPANY

Milan, Tenn.

PERSONAL HISTORY STATEMENT

(To be prepared by applicant in own handwriting)

Social Security Number: 457-22-9045.

Today's Date: May 12, 1941

1. Name in full (Mr., Miss, or Mrs.) Brewer, George, Washington.
2. Present address 2287 Main, Humboldt, Tennessee. Telephone, 174.
3. Distance from present address to Milan: 12 miles.
4. Legal (voting) residence: Oklahoma, Oklahoma County, Oklahoma City.
5. Where born: Tennessee, Maryville. Age: 70. When born Nov. 11, 1870.
6. If foreign-born, state whether naturalized or alien No.
7. Indicate sex, marital condition, and race by check, thus: If ☒ Mrs., state other names under which previously employed.

SEX		MARITAL CONDITION				RACE (If other, state which)	
Male	Female	Single	Married	Divorced	Widowed	White	Colored
<input checked="" type="checkbox"/>					<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	

8. Number and ages of dependents domiciled with you No.

9. Statement of former employment:

Present or former employer	Position and character of work	Length of service		Salary
		Date		
		From	To	
Name: Camp Hulen Add.: Palacios, Texas.	Supt. of Construction	11 10	1 41	\$75.00 Wk.
Name: Camp Wolters Add.: Mineral Wells, Texas.	Secy. to Fire Chief	1 41	1 41	\$37.50 Wk.

Can operate Typewriter No. Adding Machine No.

10. Education. Indicate by circling number of years:

Common School								High School				College				(Name of college, degrees, and dates conferred)
1	2	3	4	5	6	7	(8)	1	2	3	4	1	2	3	4	

11. In case of emergency, notify Major Paul M. Brewer.

Relationship: Son. Post office address: Humboldt, Tenn.

12. Military and naval record. If any, check (☒) to indicate branch and other information and give dates of enlistment and discharge.

None	Army	Navy	Marine Corps	Coast Guard	National Guard	War Veteran

The undersigned certifies that he is a citizen of United States of America and that he is not a member of any political party or organization which advocates the overthrow of our constitutional form of Government in the United States.

I certify that the foregoing answers are correct to the best of my knowledge and belief, and shall form the basis for my employment.

/s/ G. W. BREWER,
(Name as usually written and which will be used as official signature.)

Use Reverse Side For Any Additional Information

Assignment Date: 5-12-41.

Badge No. 91947.

Classification: Foreman, General.

Rate: 40.00 Wk.

Terminated: 5-24-41 (Transferred to Hourly Payroll).

AFFIDAVIT No. 119

[In connection with this affidavit see memorandum No. 119-A, below.]

STATE OF TENNESSEE,
County of Carroll:

Personally appeared before me, the undersigned authority, John Taylor, who being duly sworn, deposed as follows:

My name is John Taylor and I am employed by the Ferguson-Oman Company as Superintendent of Transportation. At the present time I live at Milan, Tennessee, and work on the Wolf Creek Ordnance Plant and the Milan Ordnance Depot.

I understand that Mr. Leo Helzel, appearing before the Senate Investigating Committee on November 26, 1941, testified that I was a son-in-law, cousin, or relative of Mr. John Oman, Jr., one of the prime contractors on the Wolf Creek Ordnance Plant and the Milan Ordnance Depot. This statement is not true.

I am not related in any degree, either by blood or marriage, to Mr. John Oman, Jr., any of the Oman family, or any relative of Mr. John Oman, Jr., or any of their relatives, and such a statement made by Mr. Helzel is absurd.

JOHN TAYLOR.

Sworn to and subscribed before me on this, the 26th. day of November, 1941.

[SEAL]

WINFRED H. LANCASTER, *Notary Public*.

My Commission Expires: July 10, 1945.

Registered as a Notary Public in Henderson, Carroll, and Gibson Counties, Tenn., as provided by Chap. 193, Public Acts of Tennessee 1935.

My Commission Expires July 10th, 1945.

MEMORANDUM No. 119-A

MEMORANDUM

Reference is made to the foregoing affidavit of John Taylor with respect to the testimony of Leo Helzel concerning his possible relationship to Mr. John Oman, Jr. The exact testimony of Helzel (313) was quoted as follows:

"In other words, he (Mr. Taylor) had formerly worked for the Oman Company for I imagine—I don't know exactly; I think that John Taylor was either a son-in-law or brother-in-law or cousin of the Oman family. I am not sure of the fact."

The personal history statement of Mr. John Taylor is attached indicating that at the age of twenty he was employed as a timekeeper by a construction company in Kentucky, and from August 1935 to January 1941 he was employed in various capacities by the Oman Construction Company at \$35.00 a week and was brought to the Wolf Creek project as an equipment checker on February 3, at a salary of \$50.00 a week being raised one week later to a position of Assistant Superintendent of Transportation at \$90.00 a week which was later increased to \$95.00 a week.

FERGUSON-OMAN COMPANY

Milan, Tenn.

PERSONAL HISTORY STATEMENT

(To be prepared by applicant in own handwriting)

Social Security Number: 408-07-6994.

Today's Date: 2-3-41.

1. Name in full (Mr., Miss, or Mrs.) Taylor, John, Harvey.
2. Present address: Milan, Tennessee.
3. Distance from present address to Milan _____
4. Legal (voting) residence: Kentucky, Muhlenberg County, Greenville.
5. Where born: Kentucky, Greenville. Age: 26. When born: May 8, 1914.
6. If foreign-born, state whether naturalized or alien _____
7. Indicate sex marital condition, and race by check, thus: ☒ If Mrs., state other names under which previously employed.

SEX		MARITAL CONDITION				RACE (If other, state which)	
Male	Female	Single	Married	Divorced	Widowed	White	Colored
<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>	

8. Number and ages of dependents domiciled with you: Wife— 20 years.

9. Statement of former employment:

Present or former employer	Position and character of work	Length of service		Salary
		Date		
		From	To	
Name: Southern Concrete Co Add: Greenville, Ky.	Timekeeper	May 1934	Aug. 1935	\$20.00 week
Name: Oman Construction Co Add: Nashville, Tennessee.	Timekeeper, Foreman, Supt.	Aug. 1935	Jan 1941	\$35.00 week.

Can operate Typewriter: Some. Adding Machine: Yes.

10. Education. Indicate by circling number of years:

Common School		High School	College	(Name of college, degrees, and dates conferred)
1 2 3 4 5 6 7 8		1 2 3 4	1 <u>2</u> 3 4	Western Ky. State Teachers College 1932-34.

11. In case of emergency, notify Mrs. John H. Taylor or Mrs. E. A. Taylor.

Relationship: Wife or mother. Post office address: Greenville, Kentucky.

12. Military and naval record. If any, check (☒) to indicate branch and other information and give dates of enlistment and discharge.

None (<input checked="" type="checkbox"/>)	Army	Navy	Marine Corps	Coast Guard	National Guard	War Veteran
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The undersigned certifies that he is a citizen of United States of America, and that he is not a member of any political party or organization which advocates the overthrow of our constitutional form of Government in the United States.

I certify that the foregoing answers are correct to the best of my knowledge and belief, and shall form the basis for my employment.

JOHN TAYLOR /os/.

(Name as usually written and which will be used as official signature.)

Use Reverse Side for Any Additional Information

Badge Number	Classification	Effective Date	Rate
90689	Equipment Checker	2-3-41	\$50.00 week.
	Sup't, Assistant (Transportation)	2-10-41	90.00 week.
		6-22-41	95.00 week.

[In pencil:]			
2/3	Equip. Checker		50
2/10	Equip. Checker		50
6/22	Asst. Supt		90
	Asst. Supt		90
	Asst. Supt		95

AFFIDAVIT No. 120

[In connection with this affidavit see Memorandum No. 120-A on p. 3691]

STATE OF TENNESSEE,
County of Carroll:

Personally appeared before me, the undersigned authority, C. J. Sullivan, Jr., who being duly sworn deposed as follows:

My name is C. J. Sullivan, Jr., and I am employed by the H. K. Ferguson Company on the Wolf Creek Ordnance Plant and the Milan Ordnance Depot as Senior Field Engineer and Liaison Officer.

I understand that Mr. T. D. Thomas testified before the Senate Investigating Committee in Washington, D. C., on November 26, 1941, that a report from the Ferguson-Oman Company, prime contractors on the Wolf Creek Ordnance Plant and the Milan Ordnance Depot and the H. K. Ferguson Company, Engineers on said project, which report gave the names and salaries of employees who made in excess of \$6,000.00 was never received.

I mailed this report on March 21, 1941, to the Constructing Quartermaster at that time on this project. Thereafter, no inquiry was ever made with reference to this report. This report was received by the Constructing Quartermaster who was the superior of Mr. T. D. Thomas.

I attach hereto and make Exhibit One to this affidavit, a true copy of this report dated March 21, 1941, bearing file #QM-248 AC-Ad.

The testimony of Mr. Thomas in this connection was not correct.

C. J. SULLIVAN, JR.

Sworn to and subscribed before me this 26th day of November, 1941.

[SEAL] WINFRED H. LANCASTER, Notary Public.

Registered as a Notary Public in Henderson, Carroll, and Gibson Counties, Tenn., as provided by Chap. 193, Public Acts of Tennessee 1935.

My Commission Expires July 10th, 1945.

[Exhibit 1 attached to Affidavit No. 120]

MARCH 21, 1941

File: QM 248-A C-Ad Construction Division Letter #23.

Subject: Salaries of Contractor's Employees.

To: The Quartermaster General, Construction Division, Public Relations Section,
R. R. Retirement Building, 4th and D Streets, S. W., Washington, D. C.

In compliance with instructions contained in Construction Division Letter #23, dated January 13, 1941 and in accordance with instructions contained in letter dated March 14, 1941, File QM 800.1 C-AD (Wolf Creek Ordnance Plant) (Labor) we are submitting the following report. The following men are employed in the construction of the Wolf Creek Ordnance Plant and receiving salaries of \$6000.00 a year or more for full time service on the project:

Alfred Johnson Salary: \$550.00 per month.

Title: Division Construction Superintendent.

Duties: Presently in charge of construction of Administration Area buildings and will later supervise construction of permanent buildings in another area of the site upon release of plans and specifications and on completion of his present duties.

Qualifications and Past Experience: For the past ten years connected with the H. K. Ferguson Company, Cleveland, Ohio as a Construction Superintendent on industrial construction for private industrial concerns throughout the country.

Previous Salary: For the past two years has received \$500.00 per month.

Reimbursement of Present Salary: Authorized because of increased living expenses due to distance of travel to and from site of work, high rents, and also due to long hours required for rush work.

Oscar E. Miller Salary: \$585.00 per month.

Title: Director of Personnel.

Duties: Presently employed in full charge of an estimated 8,000 to 10,000 men. Management of job restaurant. Management of job barracks (housing 750 persons); handling Labor Relations.

Qualifications and Past Experience: In charge of personnel work at World's Fair, New York City from January 1936 to January 1940. January 1940 to February 1941 employed by Starrett Brothers and Eakin Contractors, New York City as personnel director in charge of employment at Camp Blanding, Florida.

Previous Salary: 1936-1940 \$550.00 per month. 1940-1941 \$550.00 per month.

Reimbursement of Present Salary: Authorized because of recent experience in Camp Blanding legitimately qualifies him for salary increase. Increased salary required to insure services of competent man with very few qualified persons available for this type of work.

Mr. E. J. Whiteher Salary: \$700.00 per month.

Title: Director of Purchases.

Duties: Charge of all Purchasing, organizing Purchasing Procedure, Expediting Department and training required personnel.

Qualifications and Past Experience: January 1913 to January 4, 1941 Purchasing Department of Procter and Gamble Corp., Cincinnati, Ohio in charge of purchasing for all buildings and construction work for that company. Experience included purchase of equipment which is an important factor on this work.

Previous Salary: \$475.00 per month for past several years plus bonuses paid to employees of the Company periodically.

Reimbursement of Present Salary: Authorized because of temporary nature of this work, increased living costs occasioned by moving from established home in Cincinnati, Ohio; long hours, suitable men of this caliber difficult to secure.

W. W. Lauer: Salary: \$750.00 (reimbursed by the Government)
actual salary \$9000.00 per year. Difference to be
reimbursed by the H. K. Ferguson Co. of Cleveland,
Ohio.

Title: General Superintendent.

Duties: Presently employed in charge of all construction operations and directing activities of Division Superintendents.

Qualifications and Past Experience: January 1937 to February 3, 1941 employed as General Superintendent of the H. K. Ferguson Co. of Cleveland, Ohio. His duties involved the supervision of many construction operations for private industries throughout the Middle Western Area. Previously Job Superintendent in charge of construction of heavy chemical plants for well known corporations. Graduate Engineer, Carnegie Tech.

Previous salary: \$600.00 per month.

Reimbursement of Present Salary: Authorized by increased living expenses necessitated by moving home from Painesville, Ohio, to Jackson, Tennessee, increased living costs due to high rents, length of travel to and from position.

Extremely well qualified from education and experience stand point and especially experienced in installation of mechanical equipment.

A. K. Ferguson Salary: \$600.00 per month.

Title: Liaison Officer.

Duties: Organization of Department for preparation of reports for the Government, Assistant to Project Manager on special assignment, organization of Transportation Department, handling Public Relations, negotiating Labor Agreements.

Qualifications and Past Experience: November 1936 to January 20, 1941 associated with the H. K. Ferguson Co. of Cleveland, Ohio in varying capacities as, Superintendent of Construction, Estimator, Chief Clerk, sales work and Sales Manager.

Previous Salary: \$500.00 per month and bonus.

Reimbursement of Present Salary: Authorized because of increased living expenses while away from home in Cleveland, Ohio, long hours.

R. W. Kirby Salary: \$541.00 per month.

Title: Superintendent in charge of road and bridge construction.

Duties: Supervises construction of roads and bridges required by the road system throughout the 35 sq. mi. tract.

Qualifications and Past Experience: For ten years employed as Superintendent of Highway construction by the Oman Construction Co. of Nashville, Tennessee throughout the South and Southwest. Excellent qualifications for supervision and operation of heavy grading equipment.

Previous salary: \$500.00 a month approximately including bonuses from the Oman Construction Co.

Reimbursement of Present Salary: Authorized because of increased responsibility and due to the fact no bonus arrangement exists on this work and because Mr. Kirby is due for regular salary increase from the Oman Construction Co.

Quinn Flowers Salary \$541.00 per month.

Title: Assistant Purchasing Agent.

Duties: Assistant to Mr. E. J. Whitecher, Director of Purchases. Especially in charge of Equipment Rental and Expediting.

Qualifications and Past Experience: Graduate Mechanical Engineer from Georgia Tech. January 1938 to January 1941, General Manager of the Couch Construction Company of Dothan, Alabama. This company handle highway construction contracts for various states. Mr. Flowers supervised all purchase of equipment, equipment rental and general construction operations.

Previous Salary: 1926-1938 \$4800.00 a year. 1938-1941 \$9000.00 per year.

Reimbursement of Present Salary: Authorized because of increased living expenses away from home.

F. W. Jones. Salary: \$750.00 per month.

Title: Engineer in charge of Sewerage, Water distribution, etc.

Duties: Active direction of engineering design on all sewage disposal facilities at the site, drainage, water distribution, reservoirs, emergency water supply, etc.

Qualifications and Past Experience: Former Chief Sanitary Engineer associated with George Gasceigne Co., Sewage disposal plant contractors and engineers of Cleveland, Ohio. Later associated with Havens, Emerson, Construction Engineers of Cleveland, Ohio as a Partner. Experience in line with duties.

Previous Salary: \$500.00 per month plus annual bonuses.

Reimbursement of Present Salary: Authorized because of increased living expenses while away from home. Men qualified for this kind of work difficult to hire away from home.

Sidney H. Birdseye. Salary: \$700.00 per month.

Title: Chief of Survey.

Duties: In charge of topographical survey of 35 sq. mile tract, topographical maps of road building and road lay outs and field engineering.

Qualifications and Past Experience: August 1936 to August 1939 Topographical Consultant of the Geological Department, Public Works of Venezuela at Caracas. September 1939-September 1940 operated own Survey company in Venezuela.

Previous Salary: \$700.00 a month and expenses.

Reimbursement of present salary: Authorized because of the importance of rapid completion of survey work required a highly qualified man to expedite this work. Mr. Birdseye has a reputation which is recognized over the United States as a leading Survey Expert.

H. T. Baker. Salary: \$650.00 per month.

Title: Chief Engineer.

Duties: Active supervision of all engineering design, direction of drafting room personnel and procedure, Property Custodian of all Engineering Equipment.

Qualifications and Past Experience: January 1938 to January 1941 Project Engineer for the H. K. Ferguson Co. of Cleveland, Ohio in charge of Plant Equipment designed for paper manufacturers. Prior to that time employed as Consulting Engineer by paper manufacturers and equipment movers.

Previous Salary: \$550.00 per month.

Reimbursement of present salary: Authorized because of increased living expenses while away from home, long hours and increased responsibility.

G. B. Panero: Salary \$750.00 per month. (additional remuneration of \$125.00 per month being paid by the H. K. Ferguson Company as a nonreimbursable item).

Title: Assistant Project Manager.

Duties: Coordination of engineering and construction, in charge of Schedule of Work. First Assistant to Project Manager, Mr. C. G. Atkin.

Qualifications and Past Experience: November 1925 to May 1939 Mechanical Engineer with Hegeman Harris Company, Contractors, New York City, May 30, 1940. Chief Engineer and Director of John W. Harris Assoc. New York City. 1940 to January 1941 Assistant Chief Mechanical Engineer, The H. K. Ferguson Company.

Previous Salary: \$750.00.

Reimbursement of present salary: Authorized because of increased responsibility, increased cost of living away from home and the need of good mechanical engineering in connection with equipment design, installation and lay out required by this plant.

W. H. Faulk. Salary: \$715.00 per month.

Title: Assistant General Superintendent.

Duties: Superintendent in charge of Utilities construction (roads, railroads, water and sewer, electrical transmission lines).

Qualifications and Past Experiences: January 1926 to February 1941 Construction Superintendent and member of Couch Construction Company, Dothan, Alabama.

Previous Salary: \$750.00 per month.

Reimbursement of present salary: Authorized because of importance of rush construction in connection with roads and railroads to allow access to building areas. Long hours required by double shifts, and high living cost while away from home.

- R. B. Higgins Salary: \$750.00 per month.
 Title: Assistant General Superintendent.
 Duties: Assistant to Mr. W. W. Lauer, supervising building construction in the production areas.
 Qualifications and
 Past Experience: January 1939 to March 1941, General Superintendent in charge of construction at Camp Robinson, Arkansas for Tarlton-McDonald, St. Louis, Missouri. Preceding experience in line with supervision of general building and construction, estimating, equipment installation, etc.
 Previous Salary: \$750.00 per month.
 Reimbursement of Present Salary: Authorized because of the need for additional direct supervision in construction areas throughout the 33 sq. mile tract.
- R. H. Godwin Salary: \$541.00 per month.
 Title: Superintendent of Sewer and Water Construction
 Duties: Supervision of pipe lines, pipe line installation, plumbing, sewerage disposal fields, etc.
 Qualifications and
 Past Experience: March 1934 to September 1940, Superintendent of const. for McEukin and McEackin, Little Rock, Ark. on Sewage Disposal Plants and general process of piping installation. September 1940 to November 1940, Superintendent of Construction of Sewerage Disposal Plants for Tarlton McDonald, St. Louis, Mo. at Camp Robinson, Ark. February 1940 to February 1941, Assistant General Superintendent in charge of sewerage construction for the W. Horace Williams Company, Camp Claiborne, Alexandria, La.
 Previous Salary: Sept. 1940 to Nov. 1940, \$300.00 per month Dec. 1940 to Jan. 1941, \$300.00 per month
 Reimbursement of Present Salary: Authorized because of increased responsibility and long hours due to double shift operations.

PART TIME EMPLOYEES REIMBURSED SALARY RATES IN EXCESS OF \$6000.00

- Harry Porter: Salary: \$500 per month.
 Title: Chief Architect and Landscape Lay-Out consultant.
 Duties: In charge of basic design and lay-out of buildings in administration area. General architectural supervision as required from time to time by the needs of the Engineering Department.
 Qualifications and
 Past Experience: January 1928 to February 5, 1941, Chief Architect for the H. K. Ferguson Company. Previous experience involved operation of own Architectural firm, working on the design of Industrial and Public buildings.
 Previous Salary: \$425.00 per month.
 Reimbursement of Present Salary: Authorized because of increased living conditions.
 Mr. Porter's work has terminated temporarily because the basic lay out and building design for the Administration Area has been completed. Services may be required at a later date.

Further information can be provided by photostats of application blanks of all the above men. Most of these salaries were authorized prior to contractors notice to procede was received.

For the FERGUSON-OMAN COMPANY:

A. K. FERGUSON, *Liaison Officer.*

AKF:ewh

MEMORANDUM No. 120-A

MEMORANDUM

In connection with the foregoing affidavit of C. J. Sullivan, Jr. Mr. Thomas did not testify concerning salaries paid on the project in excess of \$6,000. nor did Mr. Leo Helzel testify in this regard. The portion of the hearing which Mr. Sullivan's affidavit seeks to refute is contained in an excerpt from a report of Leo Helzel, June 20 which was read into the record (311) as follows:

"Construction Division Letter No. 75 requests that Chief of Construction Division or his representative shall be informed by the Constructing Quartermaster of salaries being paid to chiefs of the Administrative Department such as Chief Accountant, etc. and their "sub-heads" no such record has ever gone in to the Chief of the Construction Division."

See Exhibit No. 52.

For this reason it is believed that the affidavit of C. J. Sullivan is not responsive to the testimony.

AFFIDAVIT No. 121

[In connection with this affidavit see Affidavit No. 121-A on p. 3694]

STATE OF TENNESSEE,

County of Carroll.

Personally appeared before me, the undersigned authority, W. A. Walsh, who being duly sworn, deposed as follows:

My name is W. A. Walsh, and I am employed by the Ferguson-Oman Company as Chief Accountant in the Wolf Creek Ordnance Plant and the Milan Ordnance Depot. When this project was started I came to the scene of the project at the beginning, that is, on January 25, 1941.

I understand that Mr. Leo Helzel testified before the Senate Investigating Committee in Washington, D. C. on November 26, 1941 that when he arrived on the job he found that Section 35 of the Criminal Code had not been printed on the back of the daily time card, and that he took credit for having the same printed thereon. This statement is not true, as will be hereinafter shown.

These cards were ordered early in February, 1941, with the requirement that Section 35 of the Criminal Code of the United States be printed on the back. This order was given to the International Business Machine Company, whose machines are used in the payroll department, after conference between their representatives and a representative of the Ferguson-Oman Company. The same card, bearing Section 35 of the Criminal Code, had been used on the Camp Forrest project and this was, of course, well known to the International Business Machine Company and representatives of the Ferguson-Oman Company, and Mr. Helzel had not even the most remote connection with this.

As a matter of fact, these cards were received and were in use, bearing Section 35 of the Criminal Code on the back of same, before Mr. Helzel ever came to the Wolf Creek Ordnance Plant or the Milan Ordnance Depot. Mr. Helzel came to the project for the first time on March 14, 1941 to assume his duties in the constructing quartermaster's office, and I attach hereto a photostatic copy of a daily time card dated March 3, 1941 and signed by the employee's foreman, bearing Section 35 of the Criminal Code on the back of same. This card was dated and used eleven (11) days before Mr. Helzel arrived on the project, and is made Exhibit 1 to this affidavit.

W. A. WALSH.

Sworn to and subscribed before me this 26th day of November, 1941.

[SEAL]

WINFRED H. LANCASTER, *Notary Public.*

Registered as a Notary Public in Henderson, Carroll, and Gibson Counties, Tenn., as provided by Chap. 193, Public Acts of Tennessee 1935.

My Commission Expires July 10th, 1945.

[Reverse side]

Penalty

Section 35 of the Criminal Code, as amended, provides a penalty of not more than \$10,000 or imprisonment of not more than 10 years, or both, for knowingly and willfully making or causing to be made "any false or fraudulent statements * * * or use or cause to be made or used any false * * * account, claim, certificate, affidavit, or disposition, knowing the same to contain any fraudulent or fictitious statement * * * relating to any matter within the jurisdiction of any governmental department or agency."

AFFIDAVIT No. 121-A

I, Miss Gladys Seward, make the following voluntary statement to Mr. H. G. Robinson, Investigator of the Truman Committee of the United States Senate:

I am at present employed by the Ordnance Department of the Wolf Creek Ordnance Plant at \$1800.00 per annum.

I was formerly employed under Mr. Leo B. Helzel's supervision as his Secretary, when he was Chief Time Inspector, during the period from approximately March through July, 1941.

The incident of Mr. Helzel calling himself "Hitler Helzel" did not make any impression upon me, even though I was present at the meeting when he made it. I am told he was describing himself. Having been his Secretary I was quite used to his affable nature and his "kidding."

I recall typing a memorandum on Ferguson-Oman stationery. Mr. Helzel dictated the substance of this memorandum, which was "Section 35 of the Criminal Code." I was told that the memorandum would be transmitted to Mr. Miller, who was then Personnel Director, who would see that Penal Code 35 would be properly advertised.

It is my belief that Mr. Helzel was very conscientious and an able executive, and I would enjoy working for him sometime in the future.

GLADYS SEWARD.

Witness:

H. G. ROBINSON.

STATE OF TENNESSEE,

County of Madison.

Personally appeared before me, Ora MacMillin a Notary Public in and for State and County, Gladys Seward with whom I am personally acquainted, and who acknowledged that the foregoing statement was executed by her, and the facts contained therein are true and correct.

IN WITNESS WHEREOF I have hereunto affixed my hand and seal at office, this the 10 day of December, 1941.

[SEAL]

ORA MACMILLIN, *Notary Public.*

My Commission expires Aug. 8, 1944.

AFFIDAVIT No. 122

[In connection with this affidavit see Affidavits Nos. 122 A, 122-B, 122-C, 122-D and 122-E on pp. 3695 to 3704]

STATE OF TENNESSEE,

County of Carroll.

Personally appeared before me the undersigned authority, J. T. McCarren, who being first duly sworn deposed as follows:

My name is J. T. McCarren and I am employed by the Ferguson-Oman Company as Chief Property Officer. At the present time I am living at 206 8th Street, Trenton, Tennessee. Before coming to work for the Ferguson-Oman Company I was employed for some six years by the U. S. Government. I worked on various construction projects.

I came to the Wolf Creek Ordnance Plant as Chief Time Inspector in the Constructing Quartermaster's office and worked there until March 13, 1941, when I left the services of the Government and was employed by the Ferguson-Oman Company. I left the Constructing Quartermaster's office to go to work for the Ferguson-Oman Company with the full consent and approval of the Constructing Quartermaster, my superior. There was nothing irregular about my being employed by the Ferguson-Oman Company and any intimation to the contrary is an absolute untruth.

At the time I left the services of the Government I was entitled under the law and the regulations of the War Department to approximately thirty days annual leave, which had accrued over a period of six years. This leave was granted me because the transfer to the Ferguson-Oman Company was made without prejudice. I was entitled to this 30 day leave under the law and of course was paid for same.

I understand that Mr. Helzel, who testified before the Senate Investigating Committee on November 26, 1941, in Washington, testified that the employees under me in the Constructing Quartermaster's office when he arrived were only

working two days a week and that the condition of the records of my office were in poor condition. Both of these statements are absolutely untrue. The employees under me worked efficiently six days a week and the records in my office were properly kept, as required by the rules and regulations of the War Department and my superiors. All payrolls submitted during my employment with the Government were forwarded to the Zone Finance Office and were duly and properly approved.

I further understand that Mr. Helzel also testified that I was so busy trying to obtain employment with the Ferguson-Oman Company that I could not perform my work for the Government. This is absolutely not true and Mr. Helzel did not even come on the job until after I had severed my connection with the Government, without prejudice and with the approval of my superiors.

I further understand that Mr. Helzel testified or intimated that the employment of my wife by the Ferguson-Oman Company was irregular. My wife was employed by the Ferguson-Oman Company and is an efficient employee. The reason she is carried on the payroll under her maiden name of Thelma Schultz is that it was in this name that her social security record was carried.

There was nothing irregular about her employment, nor was there or could have been any effort to conceal her identity.

J. T. McCarren.

Sworn to and subscribed to before me, this 26 day of November, 1941.

[SEAL]

WINFRED H. LANCASTER,
Notary Public.

Registered as a Notary Public in Henderson, Carroll, and Gibson Counties, Tenn., as provided by Chap. 193, Public Acts of Tennessee 1935.
My Commission Expires July 10th, 1945.

AFFIDAVIT No. 122-A

I, Leo B. Helzel, make the following voluntary statement to Mr. H. G. Robinson, Investigator for the Truman Committee of the United States Senate:

I am at present employed as a Cost Auditor for the United States Army Air Corps, Santa Monica, California. I have had considerable experience with Army Cost Plus-a-Fixed Fee Contracts.

On December 9th, 1941, I inspected the Office of the Chief Time Inspector, Wolf Creek Ordnance Plant, Milan, Tennessee, and spoke at length with the Supervising Payroll Auditor for the CQM, Mr. Al Leitch.

Contrary to Mr. McCarren's sworn statement of November 26th, 1941, in which he stated,

"The employees under me worked efficiently six days a week and the records in my office were properly kept, as required by the rules and regulations of the War Department and my superiors."

The Progress reports of Messrs. Gwaltney and Stanfiel (which are attached hereto) and the sworn statement of Mr. Harry Pipkin are self explanatory, and truthfully describe the conditions during Mr. McCarren's regime. It is evident that no records of auditing account worth while were kept.

Mr. Leitch has informed me that the payrolls that Mr. McCarren approved for reimbursement are now under the review of the General Accounting Office, and many items of payment will have to be substantiated in order that final approval be given by the GAO. Approval for the classification of "Form Builders" was made by Mr. McCarren, which classification was not an authorized classification for reimbursement. Other items are out of line similarly.

An examination of Mr. McCarren's personnel file (CQM) reveals that the resignation which he submitted that was approved by Captain Horridge, Constructing Quartermaster, was dated March 13th, 1941, and accepted by the Constructing Quartermaster on March 14th, 1941, the day I arrived for duty at the Wolf Creek Ordnance Plant. The resignation does not mention any intent to work for the contractor, no less at a \$1700.00 increase. This is contrary to directions of the Quartermaster General.

Quoting from Mr. McCarren's affidavit of November 26th, 1941, "I further understand that Mr. Helzel testified or intimated that the employment of my wife by the Ferguson Oman Company was irregular. My wife was employed by the Ferguson Oman Company and is an efficient employee. The reason she is carried on the payroll under her maiden name of Thelma Schultz is that it was in this name her social security record was was carried." "There was nothing irregu-

lar about her employment, nor was there or could there have been any effort to conceal her identity."

Firstly, it is quite evident that Mr. McCarren did not prepare or read his affidavit, (as was the case with so many of the other Contractor's affidavits) due to the fact that his wife's name is listed on the official Contractor's Personal History statement and signed by her as "Selma Schultze", and not as "Thelma Schultz", as was described in his affidavit.

Secondly, the Contractor's Official Personal History statement, which is attached, shows her marital condition as "single", and Mr. McCarren's statement that there was "nothing irregular" is quite evidently a false statement.

Mr. McCarren's prior governmental experience shows him working at \$75.00 per month with the W.P.A. in 1935, and the top salary he commanded with the W.P.A. was as property officer in 1938-9 and not as "Property Officer", \$216.66 per month. The doubling of salary for the same type of position with the contractor seems to be needless waste.

LEO B. HELZEL.

Witness

HAROLD G. ROBINSON.

APPLICATION FOR SOCIAL SECURITY ACCOUNT NUMBER
Required under the Federal Insurance Contributions Act
READ INSTRUCTIONS ON BACK BEFORE FILLING IN FORM

Do not write in
the above space

Each item should be filled in. If the information called for in any item is not known, write "unknown"

Please print with ink or use typewriter

1. -----
Worker's first name Middle name (if you have no middle name, draw a line ---) Last name
(Married woman—for middle name, give last name before marriage; for last name, give husband's last name)

2. ----- 3. -----
Full name under which you work, if different from name shown in item 1
Worker's present home address (street and number) (City) (State)

4. Have you ever before had a social security account number card? No -----
Yes -----
(Check (✓) which and if answer is "Yes" enter place and date of original filing and reasons for filing again)

5. ----- 6. ----- 7. -----
Age last birthday Date of birth (Month) (Day) (Year) (Subject to later verification)
Place of birth (City) (County) (State)

8. Sex: Male ----- Female ----- 9. Color or race: White ----- Negro -----
Other ----- 10. Married -- Single -- Widowed -- Divorced --
Separated --
(Check (✓) which) (Check (✓) which) (Specify)
Business name of

11. ----- 12. -----
Business name of present employer
Business address of present employer (Street and number) (City) (State)

13. ----- 14. -----
Father's full name, regardless of whether living or dead
Mother's full name before marriage, regardless of whether living or dead

15. ----- How were you paid?
Date last full time job ended—last occupation—last industry (see instructions)
Specify (examples: "Daily wage," "Salary," "Commission," "Piecework.")

17. ----- 18. -----
Date signed Applicant's written signature
(First name) (Middle initial) (Last name)

Return completed application to, or secure information on how to fill in application from, nearest Social Security Board field office. The address can be obtained from local post office

(Pencil notation with figures 1 and 2 encircled:) "Must sign true name."

INSTRUCTIONS FOR FILLING IN FORM

One account number is all you ever need

Information furnished on this form is confidential

Item 2.—If you are known to your employer by a name other than that in item 1 and desire your account set up in such name, attach signed request to your application blank. Unless such request is attached, account number card will be issued in the name entered in item 1.

Item 3.—Enter street and number of place in which you live. If you live in the country, enter your R. F. D. route number or post office box number. If there is no such means of describing the location of your home, be sure to show at least the name of the county and State in which you live.

Item 4.—If you have previously made application for a Social Security account number, entry in item 4 is important so that not more than one account number will be assigned to you. NEVER FILL IN A SECOND APPLICATION WITHOUT GIVING FULL INFORMATION CALLED FOR IN ITEM 4.

Item 5.—Be sure your age is correctly stated in accordance with the date of birth shown in item 6.

Item 7.—Enter city, county, and State in which you were born. Always give the name of county and State. If foreign born, enter the name of country in which you were born in space provided for State.

Item 9.—If you are either white or Negro, place a check mark (✓) in the proper space. For other than white or Negro, write your race in space marked "Other." Typical examples of other classifications are Chinese, Japanese, Indian, etc.

Item 11.—Be sure that you give your employer's business name and not the name of some individual or official of the concern. If not employed, write "unemployed."

Item 15.—Follow (a), (b), (c), or (d) below, whichever applies to your case:

(a) If you have ever worked for someone else before, enter the last date on which you worked on the last full time job you held before your present job.

In stating your occupation on your last job, use definite terms such as steamfitter, plumber, farm hand, attorney, bookkeeper, salesman, maid, painter, etc.; do NOT use general terms such as employee, worker, or laborer.

In stating the industry in which you worked on your last job, tell whether it was manufacturing, wholesale trade, retail trade, repair service, farming, domestic service, etc.; also indicate the principal product manufactured, goods sold, services rendered, or product grown, as part of the industry. EXAMPLES: Radio manufacturing, drug wholesaling, retail grocery, coal mining, dairy farming, private home, shoe repair shop, etc.

(b) If you have never had a job, before, write "none" in the space provided for item 15.

(c) If the last time you worked you had your own business or worked for yourself, enter in the space provided for "Date last full time job ended" the date you discontinued your business or stopped working for yourself. In the space provided for "Last occupation" write the words "own business," and show the type of industry in which you were engaged.

(d) If the last time you worked, you were under the age of 21 and were employed by one of your parents or, regardless of your age, if you were employed by your husband or wife or by one of your children, fill in the date the job ended, write "family employment" in the space provided for "Last occupation," and show the type of industry in which you were working.

Item 16.—Specify the type of payment or types of payments (if more than one kind) you received on your last job. If you received NO PAY AT ALL, write "not paid." If you received some other type of payment not mentioned in the examples, such as board and lodging, merchandise, etc., tell what kind of payments this was.

Item 18.—Sign your first name, middle initial, and last name.

If you are unable to sign your name, you should make your mark (an X) on left side of the line provided for signature, in the presence of two witnesses who can write. If possible, the witnesses should be persons who work with you. Both witnesses must sign their names in the remainder of space provided for signature.

If you cannot write, have some one fill in the card for you.

FERGUSON-OMAN COMPANY
Milan, Tenn.

PERSONAL HISTORY STATEMENT

(To be prepared by applicant in own handwriting)

Social Security Number: 412-22-4554 Today's Date: 2-18-41

- 1. Name in full (Mr., Miss, or Mrs.) Schulze, Selma.
- 2. Present address: 410 Highland, Milan, Tennessee.
- 3. Distance from present address to Milan-----
- 4. Legal (voting) residence: Tennessee, Gibson, Milan.
- 5. Where born: Ohio, Cleveland. Age: 37. When born: 11-1-1903.
- 6. If foreign-born, state whether naturalized or alien-----
- 7. Indicate sex marital condition, and race by check, thus: ☒ If Mrs., state other names under which previously employed.

SEX		MARITAL CONDITION				RACE (If other, state which)		
Male	Female	Single	Married	Divorced	Widowed	White	Colored	
	X	X				X		

- 8. Number and ages of dependents domiciled with you-----
- 9. Statement of former employment:

Present or Former Employer	Position and Character of Work	Length of Service		Salary
		Date		
		From	To	
Name: Bailey Company..... Add.: 14900 Detroit Avenue Lakewood, Ohio.	Buyer, Clerk, General Of- fice.	1934.....	1940.....	\$35.00 per week.
Name: Dr. A. L. Jones..... Add.: 19410 Detroit Avenue, Lakewood, Ohio.	General Office Work.....	1928.....	1934.....	\$25.00 per week.

Can operate Typewriter: No. Adding Machine: Yes.
10. Education. Indicate by circling number of years:

Common School	High School	College	(Name of college, degrees, and dates conferred)
1 2 3 4 5 6 7 8	1 2 3 ④	1 2 3 4	

- 11. In case of emergency, notify-----
Relationship----- Post office address-----
- 12. Military and naval record. If any, check (✓) to indicate branch and other information and give dates of enlistment and discharge.

None	Army	Navy	Marine Corps	Coast Guard	National Guard	War Veteran	

The undersigned certifies that he is a citizen of United States and that he is not a member of any political party or organization which advocates the overthrow of our constitutional form of Government in the United States.
I certify that the foregoing answers are correct to the best of my knowledge and belief, and shall form the basis for my employment.
SELMA SCHULZE.
(Name as usually written and which will be used as official signature.)

Use Reverse Side For Any Additional Information

Badge Number: 90077.
Classification: Clerk, Sr.
Effective Date: 2-18-41.
Rate: 35.00 week.

AFFIDAVIT No. 122-B

I, Theodore D. Thomas, do here submit the following statement of facts to Mr. H. G. Robinson, whom I know to be an investigator for the Truman Committee of the United States Senate.

Prior to July 23, 1941, I was assigned by the Quartermaster Corps to the Wolf Creek Ordnance Plant in the capacity of Field Auditor, exercising supervision over all employees of the Office of Field Auditor.

In my position as Field Auditor it was my duty to make inspection tours through the offices of the key men, which had been assigned to me by the Quartermaster Corps. On numerous occasions I inspected the office of the Chief Time Inspector. Prior to the arrival of Mr. Leo B. Helzel, Chief Time Inspector, the office of the Chief Time Inspector, under the supervision of Mr. Joseph T. McCarran indicated very little effort in regard to plans for organization or coordinated instructions for the performance of the duties of that office. As a result of this condition, combined with the fact that heating facilities were unsatisfactory, it was not an unusual observance to see groups of employees gathered around the stoves. This condition was often amplified upon the occasion of bad weather and always by the fact that duties of individuals had not been coordinated or clearly assigned.

At this stage of operations more or less confusion prevailed, the volume of work was out of proportion to the available personnel in the office of Field Auditor, and careful scrutiny as to the particular competence of the individual was impracticable; nevertheless, I had doubts both as to Mr. McCarran's sincerity in connection with his Governmental assignment and as to his ability to fulfill that assignment in satisfactory manner; I was giving consideration at that time to the question of recommending his transfer or termination. This situation was cleared by the resignation of Mr. McCarran and the arrival of Mr. Helzel to assume the responsibilities of the Chief Time Inspector.

The effect created by Mr. Helzel's complete knowledge of his subject, and the results of his energy in regard to teaching and organizing his staff, supporting most of his activities with written instructions, were instantly apparent. When Mr. McCarran submitted his resignation it was accompanied with an oral statement to the effect that it was his intention to accept an offer of employment from the Contractor. This action was opposed by myself and a Traveling Zone Auditor, from Atlanta, (a Mr. Martin, I believe) but the action was, nevertheless, completely approved by Captain Joseph Horridge, Constructing Quartermaster at that time. The Traveling Zone Auditor present at that time remarked to me words to the effect that insofar as the Government was concerned Mr. McCarran's resignation amounted to "Good riddance of bad rubbish". I stated that I was hardly able to conceive the matter in that light in view of the fact that Mr. McCarran's salary would still be paid by the Government and in fact, he would receive double pay for a period of about six weeks, more or less, and it also occurred to me that an increase in salary in the amount of \$1700.00 per year was somewhat inconsistent in view of the quality of work that Mr. McCarran had delivered to the Government. I also entertained a few ideas in regard to the fact that, during the time Mr. McCarran was employed in the service of the Government, a scant six weeks, he was able to find enough time to negotiate a \$5200.00 job. These reactions were cleared in a degree when I recalled the unusual amount of time that he had been absent from his post of duty in the Office of the Chief Time Inspector for the Quartermaster.

According to my information Mr. McCarran's most qualifying previous employment was in the capacity of Timekeeper for the W. P. A., in which event he may have kept time on many thousands of men, at an impressive salary, all of which means but little, insofar as it concerns his ability to cover the full scope of his complex obligation to the Government in the capacity of Chief Time Inspector at the Wolf Creek Ordnance Plant.

In Mr. Helzel, the Quartermaster Corps had the most efficient Time and Payroll man that I have ever seen in action. His critics among his employees are

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composed of those normally classified as loafers and trouble-makers; his supporters among his employees are comprised of those carried in the category of patriotic, industrious, intelligent, and therefore, desirable Government workers.

T. D. THOMAS.

Witness:

H. G. ROBINSON.

STATE OF TENNESSEE,

County of Madison.

Personally appeared before me, Ora MacMillin, a Notary Public in and for said State and County, Mr. T. D. Thomas with whom I am personally acquainted, and who acknowledged that the statements in the foregoing instrument was executed by him, and that the facts contained therein are true and correct.

IN WITNESS WHEREOF, I have hereunto affixed my hand and seal at Office, this the 10 day of December, 1941.

[SEAL]

ORA MACMILLIN, *Notary Public.*

My commission expires August 8, 1944.

AFFIDAVIT No. 122-C

I, Clifford A. Gwaltney, make the following voluntary statement to Mr. H. G. Robinson, Investigator for the Truman Committee of the United States Senate:

I am at present employed at the Wolf Creek Ordnance Plant under the supervision of the Ordnance Department as Chief Time Inspector. I have supervision over twenty-eight (28) employees at the present time, and I am occupying a similar position to which Mr. Helzel was assigned to under the Quartermaster Corps at this Project from March 14, 1941 to August 6, 1941.

On June 20, 1941, as a part of my regular duties as Acting Office Manager of the Payroll Unit of the Chief Time Inspector's Office, I wrote a letter to Mr. Theodore D. Thomas, then Field Auditor.

This letter which is attached describes the conditions of the Office of the Chief Time Inspector during the time that Mr. Joseph T. McCarran was Chief Time Inspector, and prior to the date of Mr. Helzel's succession.

I believe this letter is self-explanatory, pointing out conditions in the form "Progress Report."

I was at the meeting of all employees at which Mr. Helzel humorously referred to himself as "Hitler Helzel." I took this remark as I am sure everyone else did, as quite a funny joke, knowing Mr. Helzel to be Jewish.

In all my connections with Mr. Helzel during this period of time he was my superior, I always found him to be a gentleman, a sincere and helpful executive, and certainly a person who could never be considered arrogant or over-bearing. Examples of his attitude toward his employees were the loaning of money without interest to members of this office when the Payrolls were delayed two (2) weeks, and the driving home in his car the employees who worked late, and those who were taken ill.

Mr. L. D. Nowell was under my supervision as a Clerk of the official classification of Junior Timekeeper—\$1440.00 per annum, in a minor capacity. Mr. Nowell proved so troublesome to the Office of the Chief Time Inspector that Mr. Helzel, after discussing the matter with me, suggested he be transferred to another department. Mr. Helzel could have recommended his termination, but stated that Mr. Nowell was young, and perhaps would get off to a new start in a different department.

CLIFFORD A. GWALTNEY.

Witness:

H. G. ROBINSON.

STATE OF TENNESSEE,

County of Gibson.

Personally appeared before me R. C. Thompson, a Notary Public in and for said State and County, Clifford A. Gwaltney with whom I am personally acquainted, and who acknowledged that the foregoing statement was executed by him, and that the facts contained therein are true and correct.

IN WITNESS WHEREOF I have hereunto affixed my hand and seal of office, this the 8 day of December, 1941.

[SEAL]

R. C. THOMPSON, *Notary Public.*

My Commission expires Aug. 5, 1944.

[Exhibit 1 attached to Affidavit No. 122-C]

WAR DEPARTMENT
OFFICE OF THE CONSTRUCTING QUARTERMASTER
WOLF CREEK ORDNANCE PLANT

MILAN, TENNESSEE, *June 20, 1941.*

Subject: Progress Report.

To: Mr. T. D. Thomas, Field Auditor.

1. Upon my advent into the Chief Time Inspector's office under date of March 1, 1941, I found a very unorganized organization. No assignment of duties had been made, and everyone was working more or less in the dark as to what they were doing and why. No one realized the importance of the work. Therefore, the proper interest was not being shown by the various employees. There was no knowledge of Construction Division Letters or Wage Adjustment Orders, which, in my belief, are very necessary in this organization. No check whatever was being made on the time shown on the payrolls, nor was any check made upon receipt of advice cards as to authority for the rates shown on these cards, and practically no records whatever were being kept by this office.

2. Under date of March 14, 1941, Mr. Leo B. Helzel arrived to take charge of the Chief Time Inspector's office, and immediately set about to reorganize the entire organization, both the office and the field force. An organization chart was drawn up, and interviews were held between Mr. Helzel and each employee as to what they had been doing and as to what they were qualified to do. The different employees were then assigned to the departments to which they were most fitted. Prior to the advent of Mr. Helzel there had been nobody in charge of the office of the Chief Time Inspector during the continual absence of Mr. Joseph T. McCarran, who was on our payroll as Chief Time Inspector, yet showed no interest in the work being done. A Principal Clerk was appointed in charge of the office, and also department heads were named in each department, thus eliminating confusion and friction.

3. Upon completion of this reorganization, a meeting was held with both the office and field forces, explaining the importance of the work of the Chief Time Inspector's office, and the necessity for all information in this office being kept strictly confidential. Meetings are also held each week with all employees to discuss any problems which may have arisen, and to discuss ideas for improvement. We have set up cross-index files, which have saved a great amount of time in checking the payroll and which are also useful at such time as we are called upon for different reports.

4. The co-operation between the Chief Time Inspector's office and the Payroll office has been excellent. We have never called upon them for any information which they did not make an effort to furnish us, and, in return, we have never been called on by them for anything which we did not furnish.

5. During emergencies it has been necessary that this office force come to work at 6 o'clock in the morning so that the payrolls might be completed and the Contractor's employees receive their checks on time. It has also been necessary that this office work until 11 o'clock at night to accomplish this feat. Up to the present date no payroll has ever been late so that the Contractor's employees did not receive their checks on time. Numerous times the Paymasters of both Contractor's have expressed their appreciation to me for the co-operation which they receive from this office.

6. A thorough check is made of each payroll sheet as to badge number, name, classification, effective date and rate, received in this office. A very important department, in my estimation, was set up in the reorganization of this office to make a post-audit of vouchers received for reimbursement. After a thorough check of this voucher, a complete set of records is kept of each voucher passing through this office, which heretofore had not been kept, and I might state that a large amount of time and effort was necessary in bringing this report up to date. Up-to-date records are also kept in this office on each payroll, showing the amount of hours worked by hourly employees, the amount of hours worked by administrative employees, and the amount of money for each; also the amount of money involved for both regular and over-time hours.

7. Upon the receipt of an advice card in this office, the Rate Department checks this advice card thoroughly and makes sure that we have authority for the rate shown thereon. We have experienced some difficulty in obtaining authority for new classifications and rates, and this has taken a large amount of

unnecessary time by the Rate Department in this office in an effort to obtain these authorities so that we might have the correct information for checking the payrolls.

8. It is my firm belief that although our force has been cut practically in half, we do have a very efficient organization. All of the employees in this organization have worked very hard, and when asked to report for work at 6 o'clock in the morning or to stay until 11 o'clock at night, I have never had anyone to complain.

CLIFFORD A. GWALTNEY,
Accounting Clerk, CAF-4 (Acting Office Manager)
Office of the Chief Time Inspector.

AFFIDAVIT No. 122-D

I, Charles T. Stanfill, make the following voluntary statement to Mr. H. G. Robinson, Investigator of the Truman Committee of the United States Senate:

I am at present employed at the Wolf Creek Ordnance Plant under the supervision of the Constructing Quartermaster as Principal Clerk, C. A. F. 6, \$2300.00 per annum.

I was formerly under the supervision of Mr. Leo B. Helzel, who was then Chief Time Inspector from March 14, 1941 to approximately August 10, 1941.

I was in charge of one of the Sub-Divisions of the Office of the Chief Time Inspector, the "Rate and Classification Section."

In the course of my regular duties in this position I submitted "Progress Report" to Mr. Theodore D. Thomas, Field Auditor on June 20, 1941. A copy of this letter is attached hereto.

This letter will explain the conditions prior to Mr. Helzel's advent and subsequent. I believe it is self-explanatory.

It was quite difficult at one time during the period that Mr. Helzel was Chief Time Inspector to get information from the Personnel Office. There were numerous delays in the transmittal of proper information of records needed for the auditing of the Payrolls from the Contractors to our Office, I wish to note, however, that recently this situation has been corrected.

I found Mr. Helzel personally to be a gentleman at all times, interested in the welfare of his employees and in the welfare of Government interests.

[SEAL]

CHARLES T. STANFILL.

Witness:

H. G. ROBINSON.

STATE OF TENNESSEE,

County of Madison.

Personally appeared before me, Ora MacMillin, a Notary Public in and for said State and County, Chas. T. Stanfill with whom I am personally acquainted, and who acknowledged that the foregoing statement was executed by him, and the facts contained therein are true and correct.

IN WITNESS WHEREOF I have hereunto affixed my hand and seal of Office, this the 10 day of December, 1941.

[SEAL]

ORA MACMILLIN, *Notary Public.*

My commission expires Aug. 8, 1944.

[Exhibit 1 attached to Affidavit No. 122-D]

WAR DEPARTMENT

OFFICE OF THE CONSTRUCTING QUARTERMASTER

Wolf Creek Ordnance Plant

MILAN, TENNESSEE, *June 20, 1941.*

Subject: Progress Report.

To: Mr. T. D. Thomas, Field Auditor.

1. At the time the office of the Chief Time Inspector was organized, there seemed to be no definite set-up and no clear idea in view of the full scope of the Government time office. The employees assigned to the office force were given a number of barely legible advice cards and told to clip a mimeographed sheet to

the back of each one. No definite reason was given for this, and the employees had no idea at the time what they were doing. From these advice cards, the employees were able to understand little more than the names of the Contractor's employees to date, and the rates of pay in each case. No rate sheets were given, and, in fact, the employees had no idea that such things existed. They were at complete loose ends simply shuffling and assorting advice cards.

2. After approximately a week, several payroll sheets were handed to the office force. These sheets were already, in some instances, two weeks old. With very meager explanation the office personnel was given to understand that the advice cards were to be checked with the payroll sheets. Without further instructions, they proceeded as best possible, using their own initiative, to audit the payroll, finding a large number of errors in the same. It was found, by those who were working on the payroll, that the rates of pay listed on the advice cards did not in many cases agree with the sums paid on the payroll sheets. These discrepancies were called to the attention of the, then, Chief Time Inspector, Mr. Joseph T. McCarran. The Contractor's payroll department willingly co-operated in the correction of these mistakes on the payroll sheets themselves, but as far as the office force could observe, little effort was made to direct the Contractor in an organization of his departments or to systematize the work in his own department on the part of the Chief Time Inspector. The office force, as it then existed, attempted to organize its files and its audit of the payroll more or less as it became necessary.

3. After the first week, a system of posting each employee's earnings on the back of the advice cards was instituted. This was a slow and difficult process, resulting in many errors and a delay, in many cases, of the payroll.

4. As soon as vouchers began to arrive in the office, these were handed to various members of the office force with scant instructions as to their meaning and the methods to be used in verifying them. Those persons checking them were forced to do the best they could. No instructions were given to the office force as regards the Construction Division Letters from Washington or the importance in value of what they were doing. In short, the system as it then existed was very cumbersome, slow, unorganized, a prey to errors, and one in which the employees were simply performing routine tasks without any real knowledge and without much interest. Such a system was already overtaxed by a payroll of 1000. It would have broken down completely under a payroll the size of the present one.

5. With the advent of the present Chief Time Inspector, Mr. Leo B. Helzel, it was apparent from the first that he understood the meaning and significance of the task before him, and he set about at once to re-organize the work of the department. As a first step, he sub-departmentalized his department, assigning particular tasks to those who seemed to know most about them and to be best equipped to do that particular work. He appointed one member of the organization to act as Principal Clerk, thus eliminating a serious source of friction and misunderstanding which had existed previously to his arrival. By holding open discussions with the personnel, he gave his employees a definite and clear picture of the purpose of the time inspection office, the confidential nature of its duties, and instilled in them a feeling of esprit de corps. An attempt—in fact, an intensive search was made to locate educated, experienced and efficient men to be added to the office personnel. I was selected as Rate Clerk to handle rates and classifications. I was assigned the responsibility of passing upon all advice cards received by the time inspection office. The purpose of this inspection was to assure that the advice cards represented bona fide employees in good standing with the Contractor; that such employees were citizens of the United States; that the said employees possessed Social Security numbers as required by law; that they had been duly signed by the employee or a witness in case of his inability to write; and to check upon the rates paid these employees to prevent either the payment of wages below a minimum required by law, or excessive rate which the Government should not be required to pay.

6. Using the Construction Division letters and other policies and instructions from the office of The Quartermaster General, The Zone Constructing Quartermaster and the Constructing Quartermaster for the project, a positive check was placed upon the wage scales and the wage policies of the Contractor. As the system now is developed, proper authorities must exist before a wage rate is considered reimbursable. Such rates are used as a basis for the weekly audit of the payroll.

7. An index card file has been set up covering each wage classification and rate of pay, giving the authority upon which it is based, the date on which it became

a reimbursable rate, and other pertinent information, such as the amount of overtime pay.

8. As regards the last mentioned item, the duties of the Rate Clerk include passing upon all requests for overtime received from the Contractor, as to their legality under Construction Division Letter #75. These requests are discussed and checked with the field reports of the time office, and constitute a check upon this important phase of the construction work. Among the other duties of the Rate Clerk are the handling of discharges and re-classifications of the Contractor's employees, preparation of weekly reports on the same, informing the Chief Time Inspector of the labor trends of the Contractors, checking upon the labor relations policies of the Contractor, passing upon the reports and factual evidence relating to such work, which are presented by the Contractor, and the preparation of the Monthly Wages Paid Report to Washington from the project. A complete file is kept by me of all confidential letters of authority and other information pertaining to rates, authorities and labor relations.

CHARLES T. STANFILL,
Assistant Clerk, CAF-3,
Office of Chief Time Inspector.

AFFIDAVIT No. 122-E

I, Harry P. Pipkin, make the following voluntary statement to Mr. H. G. Robinson, Investigator of the Truman Committee of the United States Senate.

I am at present employed at the Wolf Creek Ordnance Plant under the supervision of the Quartermaster as Clerk C. A. F-4HPP at \$1800.00 per annum. I was formerly employed in the Chief Time Inspector's office as Assistant Clerk in charge of Timekeeping and Auditing in one of the five (5) Areas under the supervision of Mr. Leo B. Helzel. I was employed from Feb. HPP 14th, 1941 to Mar. HPP 14, 1941, under the supervision of Mr. Joseph T. McCarran, who was then Chief Time Inspector.

The Field Force of the Office of the Chief Time Inspector at that time was totally disorganized, and the duties of the Field Time Checkers, including myself, consisted mainly of riding around the Area of the Wolf Creek Ordnance Plant in Station Wagons with a chauffeur furnished. This touring of the Project served no useful purpose other than to compile hours necessary for the working day. In order to furnish some record of activity, we copied HPP the Contractors Timekeepers' Reports on small pieces of paper torn out of a little booklet, which served no useful purpose for auditing for the Government.

At the time of Mr. Helzel's arrival, he called a meeting of all employees. At this meeting, he gave us what might be considered a "pep" talk, at which time he humorously referred to himself as "Hitler". I took this remark as humorous, due to the fact that Mr. Helzel was smiling and laughing himself at the time he made it.

Shortly thereafter new forms were introduced for proper Field Time Keeping so that the Contractors Payrolls might be properly attested to.

Up to the time of Mr. Helzel's arrival, no records of any consequence which meant anything were handed in by the Field Force of the office of the Chief Time Inspector. While under Mr. McCarran's supervision no instructions had been given to the Field Force in the Office of the Chief Time Inspector; or, I believe to the Office Force of the same Office, with regard to the work that we were supposed to do. In fact, during the month that I worked under Mr. McCarran's supervision, I rarely saw Mr. McCarran in the Office of the Chief Time Inspector; most of the time he was in the Contractors Office. It was common knowledge that Mr. McCarran while Chief Time Inspector, occupied the same living quarters at Greenfield, Tennessee that were occupied by Mr. Joseph P. Qualey, who was then Chief Timekeeper for the Contractor. As far as I can see, prior to Mr. Helzel's arrival, the only time when the services of the Chief Time Inspector's Office was of any need for Government use was on the Pay-Off day, Friday, at which time the members of the Office of the Chief Time Inspector witnessed payment of the Contractor's employees checks. After Mr. Helzel's taking office, we were given instructions as to the proper auditing procedure in timekeeping, and found numerous errors in their Timekeeping classifications, etc. It was specifically noted by me that at the time of reduction of the Administration Payroll, persons dropped from the Administration Payroll, appeared just a few days later working as "straw bosses", doing the same type of work as they formerly did on the Administration Payroll.

These reports were brought to the attention of Mr. Helzel, who I know brought them to the attention of the Offices of the Constructing Quartermaster. I know this to be a fact due to the meeting that the Office of the Chief Time Inspector had with Captain Kibler and Lieutenant Wise, at which meeting I was present.

With further reference to the use of Station Wagons, McCarran cautioned us that if we did not put twenty-five miles per day on the mileage, we might lose the privilege of having the Station Wagons; and in order to conform, it was necessary for us to do considerable needless driving in order to obtain the necessary mileage. After Mr. Helzel's arrival, he established the system of putting us at the various entrance gates at the beginning of the day, and picking us up at the close of the day; and throughout the day we did no traveling around the Project other than to check the Area in the vicinity of the Gate as part of the audit of the Time Cards which we performed. The establishment of this system of checking by Mr. Helzel cut down the use of the Station Wagons during the day.

During the time I was employed in the Office of the Chief Time Inspector I was associated with Mrs. Catherine McConnell, who I know to have been very ill from time to time, and I never felt she was capable of discharging the duties to which she was signed, (that of File Clerk).

I also became acquainted with Mr. Philip Helzel, father of Leo Helzel, and on several occasions rode back and forth in the same car with him, and heard him make a remark at various times which would indicate that he found it difficult to find sufficient work to keep him occupied, and wished that he had more to do.

I recall an incident at which time Mr. Helzel found it necessary to assist a number of workers by advancing small sums of money to them because the Payroll checks had been held up for approximately two (2) weeks. Mr. Helzel made plain to all that there was no interest to be charged; that it was merely an accommodation to assist us, and it was a gesture which we all appreciated.

I am convinced that if Mr. Helzel had received the support of his superiors the methods of procedure which he was attempting to install in the Timekeeping, Payroll and Personnel Departments would have functioned properly and efficiently—even better than it operates at the present time.

HARRY P. PIPKIN.

Witness:

H. G. ROBINSON.

STATE OF TENNESSEE,

County of Madison:

Personally appeared before me, Ora MacMillin, a Notary Public in and for said State and County Harry P. Pipkin with whom I am personally acquainted, and who acknowledged that the foregoing statement was executed by him, and the facts contained therein are true and correct.

IN WITNESS WHEREOF I have hereunto affixed by hand and seal of office, on this the 8th day of December, 1941.

[SEAL]

ORA MACMILLIN, *Notary Public*.

My Commission expires August 8, 1944.

AFFIDAVIT No. 123

[In connection with this affidavit see Affidavit No. 123-A on p. 3706]

STATE OF TENNESSEE.

County of Carroll:

Personally appeared before me, the undersigned authority, F. S. Cupps, who being duly sworn, deposed as follows:

My name is F. S. Cupps, and I am employed by the Ferguson-Oman Company as Director of Personnel at the Wolf Creek Ordnance Plant and the Milan Ordnance Depot.

I understand that Mr. Helzel testified before the Senate Investigating Committee in Washington that Mr. Guy B. Panero, Assistant Project Manager, was one of the three key men drawing nine thousand dollars (\$9,000.00) a year, who was not an employee of either the Ferguson or the Oman Company prior to the time of the beginning of the project, which testimony is found on Page 2718 and 2721 of the Record.

This is another statement that is absolutely untrue. Mr. Guy B. Panero, a very prominent engineer and one of the leading engineers of the country, was in

the employ of The H. K. Ferguson Company before the Wolf Creek Ordnance Plant or the Milan Ordnance Depot.

Mr. John McInerney, another one of the key men referred to, is a prominent builder, having held responsible positions in the constructing of the Empire State Building and in the construction of the World's Fair, and has a long, successful, and honorable record in the construction industry.

F. S. CUPPS.

Sworn to and subscribed before me this 27th day of November, 1941.

[SEAL]

O. W. JONES, *Notary Public.*

My commission expires May 20, 1943.

AFFIDAVIT No 123-A

I, Leo B. Helzel, having been sworn previously in this proceeding make the following statements in further support of my testimony to H. G. Robinson, knowing him to be an Investigator of the Special Senate Committee investigating the National Defense Program:

Attached herewith is the Personal History Statement of Mr. Guy B. Panero.

The original negotiations for the contract between the War Department and the Ferguson-Oman Company do not call for the employment of Mr. Guy B. Panero at the salary of \$9,000.00 per annum.

If the Ferguson-Oman Company had anticipated the employment of Mr. Panero as a second ranking executive at the Wolf Creek Ordnance Plant, one would deem it essential to list Mr. Panero in negotiations if intent were shown at that time to have Mr. Panero work at the Wolf Creek Ordnance Plant.

Mr. Cupp's affidavit to the effect that Mr. Panero was an employee of the H. K. Ferguson Company prior to the time he was employed at the Project site, brings up the question of whether his employment for the short time preceding his actual engagement at the site was on work pertaining to the Wolf Creek Ordnance Plant.

(Signed) LEO B. HELZEL.

Sworn to and subscribed to before me at Jackson, Tennessee, December 10, 1941.

H G ROBINSON,

*Investigator Special Senate Committee Investigating the National
Defense Program, United States Senate.*

FERGUSON-OMAN COMPANY

Milan, Tenn.

PERSONAL HISTORY STATEMENT

(To be prepared by applicant in own handwriting)

Social Security Number _____ Today's Date _____

1. Name in full (Mr. Panero, Guy, Bonipard.
2. Present address: Jackson, Tennessee.
3. Distance from present address to Milan _____
4. Legal (voting) residence _____
5. Where born: Italy. Age: 45. When born: 1-24-95.
6. If foreign-born, state whether naturalized or alien _____
7. Indicate sex, marital condition, and race by check, thus: ☒. If Mrs., state other names under which previously employed.

SEX		MARITAL CONDITION				RACE (If other, state which)		
Male	Female	Single	Married	Divorced	Widowed	White	Colored	
x								

8. Number and ages of dependents domiciled with you _____

9. Statement of former employment:

Present or former employer	Position and character of work	Length of service		Salary
		Date		
		From	To	
Name: H. K. Ferguson Co.....	Ass't Chief Mech. Engr.....	Nov. '40...	Jan. '41....	\$750 Mo.
Name: John W. Harris Associates. Add.: 30 Rockefeller Pl., New York, N. Y.	Chief Engr. and Director.....	May '39...	Nov. '40....	\$175 Wk.
Name: Hegeman-Harris Co.....	Mech. Engr. from 1925 to 1933 in New York, Chicago, Boston, and Tampa offices.	Nov. '25...	May '39	Avg. \$6000 Yr.
Add.: 212 E. 42nd S.: New York, N. Y.	Chief Engr. in Paris, France from 1933 to 1935.....	-----	-----	\$12,000 Yr.
	Chief Engr. London and N. Y. '37 to '39.	-----	-----	\$10,000 to \$8,000 Yr.

10. Education. Indicate by circling number of years:

Common School 1 2 3 4 5 6 7 8	High School 1 2 3 4 (x)	College 1 2 3 4	(Name of college, degrees, and dates conferred)
			M. E. Brooklyn Polytechnic Institute

11. In case of emergency, notify.....
Relationship..... Post office address.....
12 Military and naval record. If any, check (✓) to indicate branch and other information and give dates of enlistment and discharge.

(x) None	Army	Navy	Marine Corps	Coast Guard	National Guard	War Veteran	
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The undersigned certifies that he is a citizen of.....
and that he is not a member of any political party or organization which advocates the overthrow of our constitutional form of Government in the United States.
I certify that the foregoing answers are correct to the best of my knowledge and belief, and shall form the basis for my employment.
(Signed) GUY B. PANERO.
(Name as usually written and which will be used as official signature.)

Use Reverse Side For Any Additional Information

Badge Number: 98084.
Classification: Ass't Project Manager.
Rate: \$173.04 Wk.
Effective Date:
Termination:

AFFIDAVIT No. 124-A

I, Leo B. Helzel, having been sworn previous in this proceeding make the following statements in further support of my testimony to H. G. Robinson, knowing him to be an Investigator of the Special Senate Committee investigating the National Defense Program.
On December 9, 1941, I examined the records of the office of the Supervising Auditor of Payrolls for the Constructing Quartermaster at the Wolf Creek Ordnance Plant.
I asked to examine the payrolls for the period ending December 6, 1941 and the payroll ending November 29, 1941. After inspecting both these payrolls, I noticed that Messrs. A. K. Ferguson and Quinn Flowers had received reimbursement from the Government for salaries for the period mentioned above. An

examination of the time cards substantiating the payrolls mentioned, showed that both gentlemen were in Nashville, Tennessee and Washington, D. C. for the greater part of the two weeks that reimbursement was claimed, for "company business."

Having been present at the Senate hearings, it came to my attention that both Mr. Ferguson and Mr. Flowers were at hand and not doing any work at the Wolf Creek Ordnance Plant that pertained to the Army Contract.

I brought this to the attention of Mr. Al Leitch, who stated that he would take the matter up with Major Hofto. Mr. Leitch later on referred the matter to Major Hofto, who replied that the salaries would be okayed for reimbursement pending a decision from the Quartermaster General. Mr. Leitch stated that Major Hofto was considering approving traveling expenses for the Contractor's representatives that attended the Senate hearings in Memphis, Tennessee and in Washington D. C., as well as the salaries and the Attorneys' fees connected with the investigation.

It is recommended that this matter be more fully investigated.

It was stated at the Senate hearing in Washington, D. C. by Mr. A. K. Ferguson, that the fixed fee would be low enough, and after the expenses for legal fees of the investigation they would be still lower. This plea to the Senators does not follow with recent developments in the office of the Constructing Quartermaster, who was taking the reimbursement of expenditures connected with the investigation under advisement and has approved some of them already.

(Signed) LEO B. HELZEL.

Sworn to and subscribed to before me at Jackson, Tennessee, December 10, 1941.

H. G. ROBINSON,

Investigator Special Senate Committee Investigating the National Defense Program
United States Senate.

AFFIDAVIT No. 125-A

I, Leo B. Helzel, having been sworn previous in this proceeding make the following statements in further support of my testimony to H. G. Robinson, knowing him to be an Investigator of the Special Senate Committee investigating the National Defense Program.

The following is a list of persons holding responsible departmental positions with the Ferguson-Oman Company, who had relatives employed on the project, of whose employment or rate or pay seemed irregular:

1. Carl William DeVilbiss who was increased in salary to \$75.00 per week from \$60.00 per week when he moved from Camp Blanding, Florida to the Wolf Creek Ordnance Plant.

Mr. DeVilbiss had his wife employed on the project, Miss Esther Isabel Young, as a nurse at the rate of \$35.00 per week. In the application which is attached it will be noted that the column which shows the marital condition is carefully omitted.

In view of the fact that Mr. DeVilbiss was Assistant Personnel Director in charge of Administrative employees, it seems very unethical for this project to hire his wife in view of the 85,000 applications filed for employment.

2. William Ellis Morgan was employed as Area Timekeeper, originally at \$50.00 per week and received an increase to \$60.00 per week approximately one month after he was employed. It will be noted that the increase was not specifically approved by the Constructing Quartermaster, but rather that the Contractor just appointed him to a salary classification, which was approved by the Constructing Quartermaster long before any increases were anticipated.

Also employed in the same Division was his wife, Miss Frances Hays, who received \$30.00 per week originally and received an increase in pay approximately three months later to \$35.00 per week by the same method of changing her classification.

3. Wallace H. Faulk was employed by the Ferguson-Oman Company originally at a salary of \$125.00 per week as Division Superintendent. Mr. Faulk was increased in salary one month after he started to work to \$165.00 per week.

It is to be noted that he formerly worked for fourteen years previously for the Couch Construction Company which was a vendor to the Ferguson-Oman Company on a reimbursement basis, as far as the Government was concerned.

4. Houston Bond was employed by The Oman Construction Company for a period of two years prior to his employment with the Ferguson-Oman Company

on the Wolf Creek Ordnance Plant, at a salary of \$150.00 per month. He is a brother to Mrs. John Oman, Jr.

He received a salary of \$70.00 per week, which is approximately \$300.00 per month when employed by the Ferguson-Oman Company as Assistant to the Personnel Director at the Wolf Creek Ordnance Plant.

5. George Washington Brewer was employed from November, 1940 to June 1941, at Camp Hulen, at the rate of \$75.00 per week, as Superintendent of Construction when his son, Major Paul M. Brewer was Constructing Quartermaster at that project. It is to be noted that his employment at the Wolf Creek Ordnance Plant, and also at Camp Wolters was under the direction of his son, Major Paul M. Brewer.

Mr. Brewer is seventy years of age, and from my personal observation, has had no experience warranting salaries of this dimension.

6. Austin Kingsley Ferguson was employed on a reimbursable basis by the Ferguson-Oman Company as Liaison Officer at the rate of \$318.46 per week. Mr. Ferguson was formerly an officer in the H. K. Ferguson Company prior to the time he started working at the Wolf Creek Ordnance Plant, being the son of Mr. H. K. Ferguson, who was one of the members of the Contractors with the Government, and always served as a representative of the H. K. Ferguson Company, as has been evidenced by his appearance at the Senate Investigation from November 26, 1941 to December 2, 1941 inclusively.

The reimbursable salary which he obtained should be charged back to the fixed fee.

An examination should be made of the Corporate Records and Minutes of the H. K. Ferguson Company to determine the status of Mr. A. K. Ferguson's relation to any profits or salaries distributed to him during the period he was engaged as Liaison Officer at the Wolf Creek Ordnance Plant.

Mr. C. G. Atkin was employed as Project Manager, the functioning of which title called for him being a Liaison Officer between the Government and the Constructing Quartermaster. It does not seem logical to have two (2) Liaison Officers for one project.

Mr. A. K. Ferguson is an able executive and personally liked by me, but the question of allowing his salary as a reimbursable item still exists.

7. John Harvey Taylor was employed for approximately six years by The Oman Construction Company as a Timekeeper with a maximum salary of \$35.00 per week prior to the time he secured employment with Ferguson-Oman Company at the Wolf Creek Ordnance Plant.

He received the salary of \$50.00 per week when first employed on February 3, 1941 as Equipment Checker. He was then increased in salary to \$90.00 per week, one week after he had secured employment. On June 22, he received a salary increase, so that his salary was \$95.00 per week.

8. John Gillette Lord was first employed by the Ferguson-Oman Company at Wolf Creek Ordnance Plant on February 6, 1941, as Material Checker at the rate of \$35.00 per week. He was increased in salary of March 9, 1941 to Assistant Purchasing Agent at the rate of \$40.00 per week. In April, 1941, he secured another increase in the same capacity to \$50.00 per week.

All of these increases were not individually approved at the time they were given by the Constructing Quartermaster.

9. Daniel Edwin Stuber was employed by the Ferguson-Oman Company as Expeditor on February 10, 1941 at the rate of \$65.00 per week. He is a brother-in-law of C. G. Atkin, the Project Manager for Ferguson-Oman Company. Approximately two months after he was first employed he received an increase in salary to \$75.00 per week.

10. Frederick Hern was employed at the rate of \$90.00 per week, and later on at the rate of \$100.00 per week through an increase which was not individually approved by the Constructing Quartermaster.

He had his daughter, Miss Frances Hern, who had never had any business experience prior to the date she started to work for her father in the Accounting Department, at \$25.00 per week.

Prior to Mr. Hern's employment with the Ferguson-Oman Company he had worked for the Government at a top salary of \$3200.00 per annum.

11. Howard Herman Miller was employed as General Foreman in March 1941, at the rate of \$60.00 per week. He is a brother of Oscar E. Miller, Director of Personnel at the Wolf Creek Ordnance Plant. On June 22, 1941 he received an increase in salary to \$75.00 per week, without the specific individual approval of the Constructing Quartermaster.

On his application, he stated that he had a wife, twenty-two years of age. This wife was also employed by the Ferguson-Oman Company in the Personnel Department, which her brother-in-law supervised, as senior Stenographer at \$35.00 per week; and in her application which was reviewed by the Personnel Director (her brother-in-law) she states that her marital condition as "single".

If this does not indicate, as does the condition which is identical of Mr. and Mrs. Joseph T. McCarran of "assumed names", then the writer is at a loss to express himself.

12. Mr. and Mrs. Qualey were employed at the same time; their peak employment brought them approximately \$125.00 to \$135.00 per week. Mr. Qualey was increased in salary from \$60.00 per week on January 17th, to \$90.00 per week on May 4th, 1941.

Mr. Qualey resigned a position with the Government as Chief Time Inspector in the Quartermaster Corps when he received this position.

13. Mr. and Mrs. Begbie (David and Madelene) received the salary of \$95.00 per week between the two of them, David received \$60.00 and Madelene \$35.00.

(Signed) LEO B. HELZEL.

Sworn to and subscribed to before me at Jackson, Tennessee, December 10, 1941.

H. G. ROBINSON,

Investigator, Special Senate Committee Investigating the National Defense Program, United States Senate.

AFFIDAVIT No. 126-A

I, Leo B. Helzel, having been sworn previous in this proceeding make the following statements in further support of my testimony to H. G. Robinson, knowing him to be an Investigator of the Special Senate Committee investigating the National Defense Program.

The Office of The Quartermaster General has determined that all "Strawbosses" and "Sub-Strawbosses" be considered as supervisory employees due to the fact that they are not included under the Davis-Bacon Act. A specific communication was written to the Constructing Quartermaster at the Wolf Creek Ordnance Plant by Captain James T. O'Connell of the Office of The Quartermaster General. "Strawboss" is a substitute term for Foreman, and is paid at a rate usually 25c (twenty-five cents) in excess of the hourly rate paid to a mechanical laborer under Union jurisdiction.

In determining the supervisory and administrative payroll, no effort has been made to add the "Strawbosses" to the figure obtained in order to justly substantiate the amount of money spent for supervision on construction.

All Union regulations state that a "Strawboss" cannot carry tools or work with them, so that the element of laborers' or mechanics' work is strictly prohibited by one agreement. Attached hereto is a schedule of administrative costs in comparison with the total payroll of all of the Contractors and Sub-Contractors and the Constructing Quartermaster. The following is a list of the administrative cost in comparison with the total payroll for:

January—administrative cost to total payroll	89.91%
February	74.31%
March	53.54%
April	41.79%
May	31.99%
*June	18.92%
*July	11.85%
*August	13.45%
*September	14.31%
*October	13.17%
Total average for ten months ending October 31, 1941	19.48%

The total administrative cost for ten months was \$2,788,555.74. Of this figure \$250,989.07 was spent by the Constructing Quartermaster, with a sharp increase of \$5,000.00 to \$10,000.00 per month after the writer and Mr. Thomas were transferred to another plant.

*(The totals from June on do not include as supervisory or administrative payrolls all "Strawbosses" and "Sub-Strawbosses" who were in actuality Foremen and Assistant Foremen).

A sample week on August 30, 1941 shows 741 "Strawbosses" on the payroll working an average of between 48 and 60 hours, with salaries ranging from \$1.75 per hour to 60c per hour. It is to be strictly noted that all time in excess of 40 hours is to be paid at the rate of time and one-half. An approximate calculation of the amount of money paid to the "Strawbosses" for this month of August is \$300,000.00.

It is to be noted, therefore, that the percentage figures of administration, which seemed to decrease from the months of June through October, are actually increasing, due to the "Strawbosses" that have not been placed on other than the administrative payroll but rather on the construction payroll.

If this does not show specific waste in the form of administration, where 741 "Strawbosses" are on the payrolls, plus numerous Superintendents and Foremen on the administrative payroll, then the \$51,000,000.00 for the total cost of the Wolf Creek Ordnance Plant is justified. The supervisory percentage for the individual worker on the job, based upon the Foremen and "Strawbosses" supervising, will give a ratio of approximately 8 laborers or mechanics to one foreman.

(Signed) LEO B. HELZEL.

Sworn to and subscribed to before me, at Jackson, Tennessee, December 10, 1941.

H. G. ROBINSON,
*Investigator, Special Senate Committee, Investigating
the National Defense Program, United States Senate.*

AFFIDAVIT No. 127-A

I, Leo B. Helzel, having been sworn previously in this proceeding make the following statements in further support of my testimony to H. G. Robinson, knowing him to be an Investigator of the Special Senate Committee investigating the National Defense Program:

The international Business Machines, in addition to the rental costs which are described by the rental agreements, had to be supplemented by the cost of a power plant that might operate the machines if the ordinary electric current were shut down.

The Quartermaster General has recognized the fact that International Business Machines on projects cost too much money, and has issued a memorandum to the effect that no International Business Machines will be purchased in the future. This memorandum is dated approximately May, 1941.

The cost of the personnel in the Timekeeping and Payroll Sections of the Contractor was exceedingly high, but when one adds the additional cost of the operation of the International Business Machines, the cost is overbearing.

Use of International Business Machines for short projects such as this, should be eliminated due to the fact that the overhead resulting from their use is not in proportion to the work that the machines do.

(Signed) LEO B. HELZEL.

Sworn to and subscribed to before me at Jackson, Tennessee, December 10, 1941.

H. G. ROBINSON,
*Investigator, Special Senate Committee Investigating the
National Defense Program, United States Senate.*

The following miscellaneous affidavits are included in the record in connection with testimony pp. 3251 et seq supra.

AFFIDAVIT No. 128

[In connection with this affidavit see Memorandum No. 130-A on p. 3714.]

STATE OF TENNESSEE,
County of Davidson.

Personally appeared before me, the undersigned Notary Public in and for said State and County, George Edwin Bowden, Sr., who deposed as follows: My name is George Edwin Bowden, Sr., I am fifty-one years old, and live 1715 Villa Place, Nashville, Tennessee. I have been employed for the last fifteen years as hardware salesman by Keith-Simmons & Co., Inc., wholesale hardware and supply people of Nashville, Tennessee,

For the last six or eight years I have been assigned by Keith-Simmons & Co., Inc., on State and Government projects exclusively, and I have represented Keith-Simmons & Co., Inc., as salesman for it on the Wolf Creek Ordnance Depot and the Milan Ordnance Plant.

On Feb. 11, 1941, I went to Milan, Tenn., for the first time and contacted Ferguson-Oman Co. I went in to see Mr. Stirton Oman, whom I had previously known, but merely shook hands with him and then had an interview with Mr. Flowers, who I understood was the chief purchasing agent for the project, and later met Mr. Whiteher, Director of Purchases, and Mr. Arthur Foltz, who I understood was Mr. Whiteher's assistant.

I did my very best to find some place to stay at Milan, but I could not get any accommodations there at all, and I finally located a room at the Maple House at Humboldt, Tenn., where I stayed until along in April. By that time I had gotten to know Mr. Foltz pretty well from calling on him nearly every day and he knew that I had tried to find a room in Milan, and had not been able to do it, and hence had had to go to Humboldt each night.

Around the first of April or last week in March Mr. Foltz asked if I had located a room at Milan. I told him I had been unable to locate anything. He said, "When Mrs. Foltz comes back we might be able to let you have a room in the apartment which he was renting. He stated that I would have to see his wife and make the arrangements with her, and to let her decide, after looking at me, whether I would be satisfactory.

His wife was out of town at that time, but came back within a day or two, and when she did, I went out and looked at the apartment and talked to her. There were three bedrooms, a living room and a kitchenette and bath in this apartment. After talking with Mrs. Foltz she told me that she would let me have one of the rooms. One was occupied by her and her husband, and the other room she stated she was reserving for her daughter and her niece, who quite often visited them.

I asked her what she wanted for the room, and she said \$6.00 per week. I insisted on paying more, because I knew of instances where they were paying \$7.50 a week, four in a room, at Milan.

Mr. Foltz came in at the time of the discussion and says, No, that that was plenty, and was in proportion to what they were paying. I told him I wanted to pay him a month in advance, and he took out his pencil and got a piece of paper, and multiplied six by 52, and divided it by 12, and I paid him \$26.00 for a month in advance. This was paid in cash. I occupied this room on the \$6.00 per week basis through the month of October, when the type of merchandise and equipment that I was selling dropped off so that it was not justifying my staying there.

I have no idea what Mr. Foltz was paying for the apartment, except that he has fussed without mentioning any figures, about it being too high.

My room was the rear room in the apartment, and I used the back door going through the kitchen to go in and out of my room. I did not take meals with the Foltz, and during my entire stay with them I never had but two meals in their house, and that was in the kitchenette—one of those was the day I left, when Mrs. Foltz insisted that I have some soup, and the other was when she insisted that I eat some shrimp with them. I paid nothing to the Foltz for meals.

During the entire time that I was bidding on merchandise at the Milan projects every order that I got was on a competitive bid, and I never got any order from Mr. Foltz, or any one connected with Milan projects when I wasn't the low bidder, or unless I was in a position to furnish something immediately which they could not get elsewhere, and this last only covered a very few instances.

I only remember one instance back in July, when I bid on 20,000 pounds of oakum, putting in a bid of \$12.00, less 2%, \$11.76 net. Crane & Company of Memphis bid \$11.75 net, one cent a hundred pounds under my price, and Crane & Co. got the order, even though I was living at that time in the back room of the Foltz apartment.

I would say that 90% of the merchandise that I sold at these projects was not purchased by Mr. Foltz, but by some of the other purchasing agents.

As far as I know, there is not a soul working for Ferguson-Oman Co. who ever worked for Keith-Simmons & Co. Certainly there is no one who ever worked for Keith-Simmons & Co. in any official or semi-official position at either of the Milan projects.

GEORGE EDWIN BOWDEN SR.

Sworn to and subscribed before me, this 30th day of November, 1941.

[SEAL]

GRACE DAWSON, *Notary Public*.

My commission expires Oct. 14, 1943.

AFFIDAVIT No. 129

[In connection with this affidavit see memorandum No. 130-A on p. 3714]

STATE OF TENNESSEE,
County of Gibson.

Personally appeared before me the undersigned authority, Mr. A. L. Foltz, being duly sworn deposed as follows:

My name is A. L. Foltz, and I live in Milan, Tennessee. I am employed by the Ferguson-Oman Company in the Purchasing Department. I came to the Wolf Creek Ordnance Plant on February 3, 1941, and accepted employment which had been offered me by the Ferguson-Oman Company. Prior to that time I had been connected with the Austin Company in the Purchasing Department on the Dow Chemical Plant, Freeport, Texas. I have been engaged in the purchasing phase of business for the past 25 years and in construction work for 35 years.

When I came to Milan, Tennessee on February 3, 1941, I found the housing situation very crowded. I first rented a room with Mr. D. E. Stuber also of the Purchasing Department of Ferguson-Oman Company, and we rented this room from Mrs. Harry Williams on First Street in Milan, Tennessee. Mr. Stuber and I occupied this room in which there were two beds. I paid \$7.00 a week for my bed, and because Mr. Stuber's bed was a little smaller he paid \$6.00 a week.

After I had been in Milan about ten days I became ill with a streptococcus infection of the throat. My wife then came to Milan to look after me in my illness, arriving when I was convalescing but before I returned to work.

On February 24, 1941 my wife and I rented a five room apartment from Mrs. West, 314 N. Main Street, Milan, Tennessee. We were very fortunate in being able to obtain this apartment because, as I have stated, housing facilities were very scarce and people were doubling up in rooms, staying in tourist camps and many of them were occupying trailers for living quarters. The apartment which we rented cost \$75.00 per month plus light, heat and water which approximated \$90.00 per month. In order to get this apartment we had to take it with three bedrooms. Mrs. Foltz and I occupied one bedroom, another bedroom was kept for visitors, my sister-in-law and daughter.

About the first week in April, Mrs. Foltz and I decided that we would rent the third bedroom to some one. Along about this time I understood that Mr. Bowden wanted to rent a room. Mr. Bowden, a man of good character, rented the room from Mrs. Foltz and myself at \$26.00 per month, or \$6.00 per week, which was a very reasonable rent in view of the crowded conditions in Milan. As a matter of fact, Mr. Bowden received the room for less than I paid for one bed in a room which was shared with another person.

Mr. Bowden was a salesman for the Keith Simmons Company, and purchases of builders' hardware from Keith Simmons Company were on regular competitive bids, and upon the approval of the Construction Quartermaster's office.

Mr. Bowden surrendered his room during October 1941, and during the first part of November 1941 we gave up the apartment and it was rented to Mr. Cassell and then to Mr. King, and Mrs. Foltz and myself rented from first Mr. Cassell and then Mr. King the same room which Mr. Bowden had occupied when we had the apartment. However, Mrs. Foltz and myself pay \$7.00 per week for the room and furnish our own heat which is one dollar more than Mr. Bowden paid and received his own heat furnished.

Mr. Bowden's arrangement was only to rent the room and he did not board with us nor did he take any meals in our apartment.

Any intimation made by any one that the fact that Mr. Bowden rented a room from me at \$6.00 a week influenced any purchases from his company, or any intimation that this was irregular in any manner, are not true.

A. L. FOLTZ.

Subscribed and sworn to before me this 30 day of November, 1941.

[SEAL]

O. W. JONES,
Notary Public, Gibson County.

My commission expires May 20, 1945.

AFFIDAVIT No. 130

[In connection with this affidavit see Memorandum No. 130-A, below.]

STATE OF TENNESSEE,
County of Gibson.

Personally appeared before me the undersigned authority, Mrs. A. L. Foltz, who being duly sworn deposed as follows:

My name is Mrs. A. L. Foltz and I am the wife of Mr. A. L. Foltz. My husband is employed by the Ferguson-Oman Company on the Wolf Creek Ordnance Plant and the Milan Ordnance Depot in the Purchasing Department. We live in Milan, Tenn.

Some time during the first part of February I came to Milan, Tennessee, where my husband had preceded me. My husband was ill at the time. We rented a five room apartment from a Mrs. West, 314 N. Main St., Milan, Tennessee, and were very fortunate to obtain this apartment. The apartment had three bedrooms, one of which was occupied by Mr. Foltz and I, the second bedroom we kept for my sister and daughter, and the third bedroom was vacant.

After we had taken possession of our apartment I kept suggesting to Mr. Foltz that we rent out the extra bedroom, and during the first part of April we did rent the bedroom to a Mr. Bowden for \$6.00 a week or \$26.00 a month. This was very reasonable rent. Mr. Bowden did not take his meals with us. We furnished him heat, lights, and water.

I collected the rents from Mr. Bowden.

We have, at this time, given up our apartment and now occupy the same room that Mr. Bowden had and we are renting this room from Mr. King who now has the apartment. We pay Mr. King \$7.00 a week at this time. I was informed today that in the future we would have to pay Mr. King \$9.00 a week for the use of the room.

Mrs. A. L. FOLTZ.

Subscribed and sworn to before me this 30th day of November, 1941.

[SEAL]

O. W. JONES,
Notary Public, Gibson County.

My commission expires May 20, 1945.

MEMORANDUM No. 130-A

MEMORANDUM

In connection with the foregoing affidavits of George Edward Bowden, Sr., Mr. A. L. Foltz, Mrs. A. L. Foltz, it is noted that the affidavits are executed on November 30, 1941, in anticipation of testimony which was developed at the hearing on December 2, 1941 (see testimony 597 to 600).

AFFIDAVIT No. 131

[In connection with this affidavit see Memorandum No. 131-A, on p. 3715.]

STATE OF TENNESSEE,
County of Davidson.

Personally appeared before me the undersigned Notary Public in and for said State and County Mr. A. M. Weesner, who being duly sworn deposed as follows:

I am 64 years of age and live in Nashville, Tennessee. I am President and Treasurer of the Wilson-Weesner-Wilkinson Company of Nashville, Tennessee,

which company deals in contractors' equipment and heavy road machinery. My company has been in existence since 1918 and I have personally been engaged in this type of work during this entire time. Prior thereto I was in the road contracting business.

My company sold to John Oman, Jr., who was succeeded by the Oman Construction Company, several years ago a number 601, 1½ yard Koehring Deisel Shovel, serial #1545, which a few months thereafter was converted by John Oman, Jr. into the equivalent of a number 701 Koehring Shovel by the purchase from us of a heavier base and by adding a 1¾ yard rock dipper and other necessary change parts. After this was done this Koehring Deisel Shovel was equivalent to a number 701 shovel.

The present replacement value of a number 701 1¾ yard Koehring Deisel Shovel is \$29,470.00 F. O. B. factory.

When we sold the number 601 Koehring Deisel Shovel mentioned above to John Oman, Jr. we took as a part of this purchase price an used number 501, 1¼ yard Koehring Gas Shovel at a price of \$7,500.00 and we realized on the resale of this number 501 Koehring Gas Shovel the \$7,500.00 which we allowed on the same as a trade-in value.

I have kept in touch with the Koehring Deisel Shovel, serial #1545 during the entire time that it has been owned by the Omans. I am familiar with its upkeep. I am also familiar with its present condition and from my knowledge of this particular shovel, it could be sold on the market today at a price of from \$15,500.00 to \$16,000.00.

A. M. WEESNER.

Subscribed and sworn to before me this the 29th day of November, 1941.

[SEAL]

BESSIE J. HUGHES, *Notary Public*.

My commission expires 10-14-44.

MEMORANDUM No. 131-A

MEMORANDUM

The foregoing affidavit of A. M. Weesner refers to a shovel #301 and for further information pertaining thereto, reference is made to a schedule submitted by Joseph F. McCarthy indicating the cost of repairs on equipment of the Oman Construction Company and includes the cost of expenditures on this shovel.

MEMORANDUM No. 132

SUPPLEMENTARY TESTIMONY OF H. K. FERGUSON

(Statement prepared immediately following the hearing, to be part of the printed proceedings. Statement is made under the oath taken at the hearing.)

Since there are still some points of testimony actually given or implied at the several hearings on the Wolf Creek Ordnance and Milan Ordnance Depot projects which the shortness of time prevented us from discussing at the hearings, I am taking advantage of the opportunity suggested to us by the Committee to insert the following somewhat unrelated but relevant facts into the record.

(1) Under proper cost accounting as practiced according to usual corporate methods, these projects should be credited with all the Government equity established in recaptured equipment by rental payments made toward such recapture and charged to this work. This is obviously true since the rental system with recapture really provides a basis for installment purchase of the equipment and payments made on this basis toward recapture are therefore made in the interest of establishing a Government equity. This equity, when written down somewhat to provide for depreciation and obsolescence, is obviously a credit to this job if and when such recaptured equipment is removed from this work and assigned to other projects. Such a credit, if and when established, would run into a very considerable amount of money which is logically deductible from the finally recorded cost of these projects.

(2) The circumstances as outlined with regard to equipment in paragraph (1) are obviously applicable to the several hundred thousand dollars worth of metal forms purchased and paid for at the expense of these projects. One of the reasons for buying these forms was that they were needed and could readily be used on

other projects as soon as the Milan Ordnance Depot is completed on or about the first of February, 1942. As a logical result under usual corporate accounting practice, the properly depreciated value of these forms adequately established should be credited to the Wolf Creek and Milan Ordnance contracts if and when these forms are removed from the property and assigned to other work.

(3) There have been some major misunderstandings throughout the hearings to date, which could easily have been avoided if the Committee's investigators had contacted any qualified key men of the contractor during the course of their investigation. Some of these misunderstandings are as follows:

(a) The labor relation situation on this work was carefully set up with the Unions as of about the time of starting of the work. The rates as agreed upon through factual evidence presented to the Department of Labor were established on the basis of rates determined by the Department of Labor. The contractor's agreements with the labor organizations provided for the elimination of jurisdictional strikes and for the arbitration of any controversies arising during the progress of the work. The record of performance under these agreements is excellent to the extent that there has been no major interruption of the work, and only two or three minor interruptions for parts of single days.

(b) The only claims of any improper practices which have come to light under the two investigations conducted to date are apparently some minor matters of payments made on an automobile, a hand bag, and a shotgun, and several watches given to foremen or superintendents during the progress of the work.

(c) With regard to the charge made or implied that roads about the property were described as running aimlessly through the countryside for long distances without apparently getting anywhere, it could have been pointed out that this is not an ordinary camp construction project, but is a large project for the storage of extremely high explosives, the loading of shells with such high explosives, and the storage of loaded shells before shipment away from the project. Because of these facts, it has been necessary to work out with the Ordnance explosives experts, the engineer-consultant The Procter & Gamble Defense Corporation, and the construction officers of the Quartermaster's Corps, a carefully arranged layout of roads and railroads which provided for smooth and regular transportation of the materials and finished product from area to area, with a minimum of gatekeepers and watchmen who would normally work on a 3-shift basis; with a minimum of maintenance giving effect to the traffic requirements of the work; and particularly to maintain the necessary neutral zone limits which are required in plants of this character. These limits range from about 4100 feet in some instances around the outer areas of the project to 2600 feet or 2100 feet in other areas, and down to a minimum of 500 feet between igloos. It would therefore have been obvious on the basis of the above explanation to point out that roads on the project must necessarily provide for transportation through the neutral zones, in some cases of considerable length.

(d) As to labor turn-over, as of about November 15th the total number of men hired on the work was 23,545, with total terminations to that date of 14,562, with remaining employment for 8,983. Giving effect to the fact that many of these employees were Tennessee farmers who came and went with regard to the seasonal requirements of their land, including the cotton crop, it is believed that this record is exceptional even under more favorable circumstances than those applying to this work.

(e) With regard to the claims for contractor's fees, as has been previously pointed out in the record, these were very low in comparison with those obtained on private work. No recognition in fee increases was given to the major increase in the scope of the two projects, with the exception of the two production lines added to the Wolf Creek Ordnance project. On September 8, 1941 the H. K. Ferguson Company entered into an agreement with the United States Government providing that no claims or demands would be made for "additional fee by virtue of work or services which prior to this date were performed or authorized to be performed by the contractor in connection with or incidental to the projects involved in said contract". This results in the fixing of the total construction fee for the H. K. Ferguson Company at approximately 1% of the total cost of the work performed or to be performed under this contract.

(4) With regard to the allusions to the effect that the contractor had refused to allow the Government to take over the timekeeping on the Wolf Creek or Milan Ordnance projects, claiming that such a change in accounting procedure would be a violation of the original and supplementary contracts, the contractor did object to this change for the following reasons:

(a) Men already employed on the work by the contractor were qualified men who had worked through more than half of the project.

(b) For the remaining period of time it was believed that any change in time-keeping procedure at the peak of employment when about 16,000 men were employed and pressure for progress was at the boiling point, might very well result in inaccuracies in timekeeping during the change-over period which might possibly result in serious labor difficulties.

(c) The contractor's key men further felt that since money borrowed by them at their banks was being used to finance the work, and all the men usefully employed on the project except by subcontractors were actually employees of the contractor, that the expenditure of this money and the contacts with these men should be kept within the limits of the contractor's organization for the purpose of maintaining subordination and discipline through the channels of the principal contact with these employees, i. e., their pay envelopes.

After the peak load passed and in an effort to help develop the expected saving pointed out through the avoidance of duplication because of timekeepers employed by the contractors and checkers employed by the Government, the contractor did consent to such a change. At this time, without complete or sufficient data at hand, it is not believed that a major saving resulted.

(5) As a constructive enterprise, the contractor discovered and developed sand pits on the property for the providing of material for use in the road construction program. Three such pits were developed in the Wolf Creek Ordnance and one in the Milan Ordnance Depot area, with the total result of furnishing about 750,000 cubic yards of sand for this work. This sand, delivered to the plant from outside sources by truck would have cost approximately \$1.25 per cubic yard, or a total of \$937,500. The actual cost of the excavation and delivery of this sand to the necessary areas on the project has been about 25¢ per cubic yard, with the result that the saving in the cost of the above amounts of material to the project is about \$750,000.

If, on the other hand, credit is given for the fact that this sand replaced some considerable amount of chert at the low price of \$1.63 per yard delivered, the saving above mentioned would be considerably in excess of the figures used.

(6) It has been pointed out elsewhere that the setting ahead of the completion date for the Milan Ordnance Depot will not only save the Government several hundred thousands of dollars, but will also give the Government the use of the entire project three months or more before the contract date of completion for the whole job.

HAROLD K. FERGUSON.

AFFIDAVIT No. 133

[In connection with this affidavit see Memorandum No. 133-A on p. 3718]

W. L. SHARPE CONTRACTING Co.,
Memphis, Tenn., November 19, 1941.

OMAN CONSTRUCTION Co.,
Nashville, Tennessee.

GENTLEMEN: This is to certify that we bought from the Oman Construction Company five Euclid Tractrux that were located in the Wolf Creek Ordnance Plant at Milan, Tennessee for the sum of Twenty Thousand (\$20,000.00) Dollars.

We bought these machines to use on an Illinois Central Railroad contract.

Very truly yours,

DRIVER CONTRACTING Co.
AND WYATT L. SHARPE
By W. L. SHARPE.

Subscribed and sworn to before me, this 19th day of November, 1941.

[SEAL]

MAX COBB, Notary Public.

My commission expires Apr. 2, 1944.

Sale of the above mentioned Euclids was made October 20, 1941.

ANNIE B. HILL.



MEMORANDUM No. 133-A

MEMORANDUM

The foregoing affidavit of Driver Contracting Company refers to five Euclid trailer wagons which were formerly the property of Jones and Shepard, a contracting firm. The Committee is attempting to ascertain the details under which these came into the possession of the Oman Construction Company and has been advised that the Oman Construction Company took over the business of Jones and Shepard and efforts are being made to contact Mr. Shepard for details thereto. The attached letter indicates that he worked for the Oman Construction Company in June 1941. Through Mr. Shepard it would be possible to ascertain the actual cost to the Oman Construction Company of these trailer wagons.

The officials of the Driver Contracting Company have advised that there is still a balance of \$11,000 due on the purchase of these trailer wagons for \$20,000, as described in the foregoing affidavit.

OMAN CONSTRUCTION COMPANY,
Nashville, Tenn., Jan. 6, 1942.

Mr. HUGH A. FULTON,
Chief Counsel, Special Senate Committee
Investigating The National Defense Program,
Washington, D. C.

DEAR SIR: We have examined our pay roll and social security records but find no record of Bud Shepard ever having worked for us.

However, in June, 1941, we did have Mr. Shepard, who was formerly a partner of Jones & Shepard, working for us but he left several months ago and did not leave his address.

Yours truly,

OMAN CONSTRUCTION COMPANY,
By STIRTON OMAN.

AFFIDAVIT No. 134

STATE OF TENNESSEE,
County of Carroll.

Personally appeared before me, the undersigned authority, W. A. Walsh, who being duly sworn, deposed as follows:

My name is W. A. Walsh, and I am employed by the Ferguson-Oman Company as Chief Accountant in the Wolf Creek Ordnance Plant and the Milan Ordnance Depot. When this project was started I came to the scene of the project at the beginning, that is, on January 25, 1941.

It is my understanding that Mr. Thomas testified at the Senate Investigating Committee in Washington on November 26, 1941 that the Field Auditors' Staff of the Constructing Quartermaster was 130 employees before May 30, 1941, and that on May 30, 1941 it was cut to ninety employees.

From the records of the Ferguson-Oman Company there were 186 employees of the Ferguson-Oman Company, performing functions similar to those performed by the Field Auditors' Staff of the Constructing Quartermaster. However, this staff of the Ferguson-Oman Company kept all of the time records and performed 100% field and time check, whereas the Field Auditors' of the Construction Quartermaster only made a 20% field and time check as of May 30, 1941.

It is apparent from this comparison that the Ferguson-Oman Company employees performing these particular functions were not overstaffed.

These employees were necessary for the proper progress of this defense project, and performed valuable services for the protection of the Government's interests.

W. A. WALSH.

Sworn to and subscribed before me, this 26th day of November, 1941.

[SEAL]

WINFRED H. LANCASTER, *Notary Public*.

Registered as a Notary Public in Henderson, Carroll, and Gibson Counties, Tenn., as provided by Chap. 193, Public Acts of Tennessee 1935.

My Commission Expires July 10th, 1945.

AFFIDAVIT No. 135

AFFIDAVIT

I, J. F. Baer, make the following voluntary statement.

I am employed as purchasing agent by the General Tire Engineering Company at Flora, Mississippi. I was formerly employed as assistant purchasing agent by the Ferguson Oman Company at Milan, Tennessee.

While with the Ferguson Oman Company I shared an office with A. L. Foltz, another purchasing agent, who was living with George Bowdin, a salesman representing the Keith Simmons Company, a building hardware and mill supply wholesale house.

In connection with the large number of sales made by this company to the projects at Milan, I wish to describe certain transactions that I observed. Mr. Foltz on one occasion awarded twenty to thirty purchase orders each for less than \$500 to the Keith Simmons Company. Better prices could, no doubt, have been obtained if the items covered by these purchase orders had been grouped together and bids obtained on the entire lot. Mr. Bowdin, the salesman, mentioned above, spent much of his time in our office. On one of his visits, I left the office and on my return found Mr. Bowdin examining the bids of competitors which were on my desk. With this information, he then submitted a bid one-quarter of a cent lower than any of the other bidders. However, in this instance, his improper action did not benefit his company because I prepared a recommendation which I forwarded to Lieutenant Bruce suggesting that the second low bid be accepted because it was actually the lowest legitimate bid and this recommendation was followed.

On another occasion, I was handling the requests for bids on building hardware and did not ask Keith Simmons Company to submit a bid in view of the fact that they were not meeting the delivery requirements under another contract for similar materials. When I was prepared to make the award, Mr. Foltz found that the Keith Simmons Company had not submitted a bid and immediately took over this transaction. He postponed the bid opening date and I noticed later that the Keith Simmons Company secured this contract even though they were in default on their contract.

Mr. Foltz was not always so concerned about canvassing all sources of supply. In one case he was prepared to award a contract to a New York firm on the basis that it was the only available source of supply. I was able to postpone this award and secured a bid from the Pidgeon Thomas Iron Company of Memphis, which was \$1,700 lower than the New York bid. This company was then given the contract.

In my opinion, the right to make awards based on a vendor's ability to deliver immediately, although there may be lower bids, is absolutely necessary in some cases but this right was subjected to abuse at the Milan projects.

(Signed) JOHN F BAER.

Subscribed and sworn to before me this — day of January, 1942.

[SEAL] _____.

The following affidavits are included in the record in connection with the testimony of J. L. McKoin, *supra* pp. 3100-3108.

AFFIDAVIT No. 136

[In connection with this affidavit see Memorandum No. 137-A on p. 3722]

STATE OF TENNESSEE,

County of Carroll.

There personally appeared before me the undersigned authority, John Ralls, who being duly sworn, deposes as follows:

My name is John Ralls and I am employed by the Ferguson-Oman Company in the Purchasing Department in charge of acquiring and placing under contract all rental equipment.

I understand that certain testimony was offered before the Senate Investigation Committee, intimating that there had been purchases of spark plugs against the interest of the Government, and that said purchases were irregular. This statement and intimation is untrue.

During the month of June, 1941, the Purchasing Department posted invitations for bids for certain spark plugs. We could not obtain bids for these spark plugs under the T. P. S. schedule. They were awarded to the low bidder, Osburn-Abston Company of Memphis, Tennessee, who were represented by the Denny-Caldwell Company of Milan, Tennessee. These plugs were purchased at 27½¢ each, although the market price on the plugs was 33¢.

The Denny-Caldwell Company received a letter from Osburn-Abston Company, dated July 18, 1941, stating that the manufacturer of this plug had criticised the sale of the plug at this low price and had instructed them not to offer the plug at this price in the future. We attach hereto and make Exhibit No. 1 of this affidavit, a true and correct copy of the letter from the Osburn-Abston Company to the Denny Caldwell Company of Milan, Tennessee.

JOHN RALLS.

Subscribed and sworn to before me this 27 day of Nov. 1941.

[SEAL]

G. C. CRIDER, *Notary Public.*

My commission expires Jan. 31, 1945.

AFFIDAVIT No. 137

[In connection with this affidavit see Memorandum No. 137-A on p. 3722]

STATE OF TENNESSEE,

County of Carroll.

Personally appeared before me the undersigned authority, Mr. E. J. Whiteher, who being first duly sworn deposed as follows:

My name is E. J. Whiteher. At the present time I am living at #8 Whitthorne Drive, Milan, Tennessee in the residential area of the Wolf Creek Ordnance Plant.

At the present time I am in charge of buying for the Procter and Gamble Defense Corporation. From February 1 to September 27 I was Director of Purchases for the Ferguson-Oman Company at the Wolf Creek Ordnance Plant.

My attention has been called to the intimation in the testimony offered before the Senate Committee at Memphis, Tennessee that purchases were made by the Ferguson-Oman Company of repair parts for equipment at more than the Treasury Procurement Schedule. Purchases were made for these parts on the Treasury Procurement Schedule, or better, wherever such schedule had been entered into with the government and we had been notified or knew of same. Such schedules were part of the records of our office and were carefully considered and followed. This included the Caterpillar Tractor Company parts.

Further purchase of all parts were duly approved by the proper official of the Constructing Quartermaster's office.

E. J. WHITCHER.

Sworn to and subscribed before me this 24 day of November 1941.

[SEAL]

WINFRED H. LANCASTER, *Notary Public.*

Registered as a Notary Public in Henderson, Carroll, and Gibson Counties, Tenn., as provided by Chap. 193, Public Acts of Tennessee 1935.

My Commission Expires July 10th, 1945.

MEMORANDUM No. 137-A

MEMORANDUM

The affidavits by E. J. Whiteher and John Ralls state, in substance, that advantage was taken of the Treasury Procurement Schedule in every case where the contractor had been notified or knew that there was an applicable contract under this schedule. It is also stated that where lower prices were available advantage was always taken of them. Mr. Ralls' affidavit states that it was impossible to secure spark plugs under the Treasury Procurement Schedule during June, 1941.

In support of the testimony indicating that the contractor failed to obtain the best price available and also failed to purchase from the Treasury Procurement Schedule whenever possible, there are set out below the following documents:

Letter from R. T. Mills showing that the project refused to take advantage of more favorable prices on repair parts offered by him.

Four purchase orders for spark plugs and batteries.

Letter from the Committee to the Director of Purchases, Treasury Department, and reply indicating that these, or similar articles, could have been obtained under the Treasury Procurement Schedule.

Two statements from E. H. Eakle, Chief of the Material Section, Constructing Quartermaster's office, calling attention to the open market purchases at excessive prices, and the contractor's explanation for not purchasing batteries from Treasury Procurement Schedule contractors.

[Exhibit 1 attached to Memorandum No. 137-A]

THE MILLS-MORRIS COMPANY

AUTOMOTIVE ACCESSORIES—SHOP EQUIPMENT

MEMPHIS, TENN., *January 21, 1942.*

MR. HUGH A. FULTON,

*Chief Counsel, Special Committee Investigating,
United States Senate, Washington, D. C.*

DEAR MR. FULTON: In answer to your letter of the thirteenth, which was received during my absence from the city, which has reference to the Wolf Creek Ordnance Plant, I did discuss the matter with Investigators H. G. Robinson and F. N. Parks.

I would like to make this statement, that we are distributors for bimetallic steering clutch facings, manufactured by the S. K. Wellman Company of Cleveland, Ohio, and these people have a T. P. S. contract with the government to furnish the above parts at list less a sliding scale discount, according to the amount of purchases made, starting with less than one thousand dollars at 40% off, and going to twenty thousand dollars at 50% off.

The Caterpillar Tractor Company at Peoria, Illinois, have a T. P. S. contract with the government, so their dealers can furnish caterpillar parts at regular list price without the government going out and securing three bids on this, to facilitate quick service, and Caterpillar Tractor Company sells these parts to the government or the government's agent for list price, and our price as named above in quantities is sold according to the Wellman Company list price, less the discount and less 2% ten days cash, and if you will have your investigators check prices made by Taylor-Hale on steering clutch and master clutch facings, manufactured by S. K. Wellman Company or the Cleveland Graphite Bronze Company of Cleveland, Ohio, and check the list prices of the S. K. Wellman Company, deducting the discount allowed by distributors such as we are, you will find that our prices were far under Taylor-Hale's. The only reason that we attributed the fact that they got this business was a matter of favoring Taylor-Hale, a local caterpillar dealer in Memphis.

Your Mr. Robinson is in possession of this information, and also knows why the contractor bought from Taylor-Hale, rather than through this company. We do know we did not get the business although it was offered at a less price than Taylor-Hale was able to furnish it, and we had a branch at Milan, Tennessee, and offered to stock the merchandise if they would give us an opportunity to serve them. While we carried a stock of this merchandise in Memphis, we did not

carry it at the Milan branch, but that would have been the matter of a half-day's service, just the same condition that Taylor-Hale would have been in.

We did make up a set of three catalogues, setting out the list and discount on parts for the trucks and passenger cars that were on the Wolf Creek Ordnance Reservation, and presented these catalogues to Mr. Quinn Flowers, purchasing agent for Ferguson-Oman Company and the discount shown in these catalogues was anywhere from 10 to 20% cheaper than the prices paid for them at the different car distributors, and it was all standard merchandise.

These catalogues were submitted to Lieutenant Bruce, for his approval and for some unknown reason, Lieutenant Bruce and Mr. Flowers decided that they would purchase them from car distributors and not from us.

We offered to put in a complete stock of everything that they needed that was shown in the above catalogues. In fact, we had 90% of that in our Milan stock.

Investigator H. G. Robinson knows why possibly this was done. There was a very convenient place in the parts department room, built especially for their manager and Mr. Greig Oman without cost. Your Mr. Robinson is very familiar with this.

Yours very truly,

THE MILLS-MORRIS COMPANY,
R. T. MILLS, *Secretary*.

[Exhibit 2 attached to Memorandum No. 137-A]

FERGUSON-OMAN COMPANY
WOLF CREEK ORDNANCE PLANT
Milan, Tennessee

Purchase Order No. 3730
Also show Req. No. G. S.-5003.

To: Ozburn-Abston Co.
Address: Memphis, Tennessee.

Date: JUNE 25, 1941.

Confirming verbal order of 6/24/41: Do not duplicate.

Item No.	Quantity	Description	Price	Amount
	2,000	Spark plugs AC-#103-S (threaded shaft for radio suppressors)...	.27½ Ea	\$550.00
	2,000	Spark plugs AC-#45.....	.27½ Ea	550.00
	250	Spark plugs AC-#75.....	.27½ Ea	68.75
		Total.....		1,168.75
		All freight and/or trucking charges must be prepaid. Shipping manifest and B/L must be mailed on date of shipment. Failure to ship or deliver as promised shall be deemed sufficient cause for cancellation. Terms: Net 30 days. Delivery date: 6/24/41. Ship to: Transportation garage.		
		TO BE USED AT TRANSPORTATION GARAGE		

Ship by quickest way via F. O. B. Job site, Wolf Creek Ordnance Plant, Wolf Creek, Gibson Co., Tenn.

Terms: Net 30 days, less — % — days shipments must start.

By 6/24/41 and be completed by 6/27/41.

Purchase approved because lowest price early delivery, better or required design.

FERGUSON-OMAN COMPANY,
QUINN FLOWERS, *Purchasing Agent*.

Approved by:

C. H. BRUCE,
1st. Lt., Q. M. C.,
For the Construction Quartermaster.

Requisition No.: GS-5003.

Job No. OH 58.

Appropriation: ORD. 8191-P 2-99 A-0141-01.

Contract: W-7011-QM-2.

APPROVED INVOICES AND FREIGHT

No.	Approved invoices			Freight				
	Date	Quantity	Amount	R. R.	Car No. 2% disc.	R. R. weight	Amount	Remarks
9/30 16607-----	9/19/41-----		1168.75	-----	23.38	-----	1145.37	#1 Final

P. O. 1168.75.

FERGUSON-OMAN COMPANY

WOLF CREEK ORDNANCE PLANT

Milan, Tennessee

Purchase Order No. 4439

Also Show Req. No. GS-5052

To: Denney Caldwell.
Address: Milan, Tennessee.

Date: JULY 30, 1941.

Item No.	Quantity	Description	Price	Amount
	10 Batteries----	For Insleys, Volts 6, Amp. Hrs. 120-20 Discharge Amp/Min. 150-20 Size 13 x 7 x 8 Weight 55.	\$9.72 Ea	\$97.20
	25 "----	For Radio, Volts 6, Amp. Hrs. 200 Size 13 x 7 x 8 1/4 Weight 55.	8.34 Ea	208.50
	6 "----	For Farmall, Volts 6, Amp. Hrs. 99-20, Size 9 x 7 x 8, Discharge Amp. Min. 110-20, Weight 60.	4.89 Ea	29.34
	22 "----	For International, Volts 6, Amp. Hrs. 150-20, Discharge Amp. Min. 175-20, Size 16 1/2 x 7 x 8, Weight 80.	14.78 Ea	325.16
	200 "----	For Ford, Volts 6, Amp. Hrs. 120-20 Discharge Amp. Min. 105-20, Size 10 1/2 x 7 1/4 x 9 1/2, Weight 48.	6.76 Ea	1,352.00
	400 "----	For Chevrolet & G.M.C., Volts 6, Amp. Hrs. 100-20, Discharge Amp. Min. 120-20, Size 9 3/32 x 7 1/8 x 8 7/8, Weight 41.	5.39 Ea	2,156.00
	60 "----	For Ford & Chev. Volts 6, Amp. Hrs. 100-20 Discharge Amp. Min. 126-20 Size 10 3/16 x 7 1/4 x 7 1/4 1/16.	5.39 Ea	323.40
		Total -----		4,491.60
		Batteries must meet the above specifications in order that they will fit the units we have on this job.		
		To be ordered out in lots of 100. This pertains to Ford & Chev. only.		
		All industrial and 12 radio batteries to be shipped at once.		
		All Freight and/or Trucking Charges must be Pre-paid.		
		Shipping Manifest and B/L must be Mailed on date of Shipment.		
		Failure to ship or deliver as promised shall be deemed sufficient cause for cancellation.		
		Delivery Date: 7/31/41.		
		Ship to Transportation Garage.		
		Terms: Net 30 Days.		

Ship by Quickest Possible Route Via Freight F.O.B. Wolf Creek Ordnance Plant, Wolf Creek, Gibson Co., Tenn. Job Site.

Terms: Net 30 Days, Less ----- % ----- Days Shipment Must Start By 7/31/41

And be Completed By 8/15/41.

Purchase Approved Because: Early Delivery.

FERGUSON-OMAN COMPANY,
A. L. FOLTZ,

Purchasing Agent.

Approved by:

C. H. BRUCE,
1st Lt., QMC,

For Construction Quartermaster.

Requisition No. GS-5052

Job No. OH-58

Appropriation Ord. 8191 P 2 99 A 0111-01

Contract W-7011-QM-2

APPROVED INVOICES AND FREIGHT

No.	Approved invoices			Freight				
	Date	Quantity	Amount	R. R.	Car No.	R. R. Weight	Amount	Remarks
8/12 12530.....	7/31		1,215.00	5% Dis		60.75	1,154.25	#1 Partial.
8/21 13039.....	8/2/41		516.08	5% Dis		25.80	490.28	#2.
9/23 14956.....	8/27/41		206.92			10.35	196.57	#3.
9/23 13908.....	8/18/41		260.60			13.03	247.57	#4.
10/13 17537.....	10/1/41		539.00			26.95	512.05	#5.
10/13 16985.....	9/25/41		607.50			30.37	577.13	#6.
10/13 17176.....	9/26/41		607.50			30.37	577.13	#7.
10/22 17656.....	10/6/41		539.00			26.95	512.05	#8 Final.
Total.....			4,491.60			224.57	4,267.03	

Original P.O., 4,491.60; change of P.O., 4267.02; increase .01.

FERGUSON-OMAN COMPANY

WOLF CREEK ORDNANCE PLANT

Milan, Tennessee

Purchase Order No. 5278

Also show requisition No. GS-15028

To: Denney-Caldwell Company.
Address: Milan, Tennessee.

Date: SEPT. 24, 1941.

Item No.	Quantity Approx.	Description	Price	Amount
		CONFIRMING ORDER. DO NOT DUPLICATE		
6		Storage batteries for G.M.C. diesel motors, 12V. 150 amps Dis-		
		charge 170 amps in 20 min. size 20½ x 9¾ x 8¾ min.	\$28.61	\$171.66
20		Storage batteries for Allis-Chalmers diesel motors, 12 V, 150 amps		
		discharge 150 amps 20 min. Size 19" x 8¾" x 7"	26.84	536.80
6		Storage batteries for Pontiac or welding machine 6V. 150 amps,		
		discharge 138 amps 20 min. Size 19¼" x 4" x 8"	6.37	38.22
2		Exide service kits, catalog #23188	3.50	7.00
		Approx. total, 753.68		
		This is a stock order.		
		All freight and/or trucking charges must be prepaid.		
		Shipping manifest and B/L must be mailed on date of shipment.		
		Failure to ship or deliver as promised shall be deemed sufficient		
		cause for cancellation.		
		Terms: Net 30 days.		
		Delivery: 9/24/41.		
		SHIP TO: TRANSPORTATION GARAGE		

Ship by quickest possible rt. via *----- F. O. B Wolf Creek Ordnance Plant, Wolf Creek, Gibson Co., Tenn., job site.

Terms: Net 30 days, less -----% ----- days shipments must start by 9/24/41 and be completed by: At once.

Purchase approved because: Lowest price, early delivery, better or required design.

FERGUSON-OMAN COMPANY,
QUINN FLOWERS,
Purchasing Agent.

Approved by:

C. H. BRUCE,
1st Lt., Q.M.C.,
For the Construction Quartermaster.

Requisitioning No. GS-15028

Job. No. OH-58

Appropriation: Ord. 8191 P2 3211 A-0141-02

Contract W-7011-QM-2

APPROVED INVOICES AND FREIGHT

No.	Approved invoices			Freight				
	Date	Quan- tity	Amount	R. R.	Car No.	R. R. weight	Amount	Remarks
10/8 17538.....	10/1/41	-----	259.94	-----	-----	-----	259.94	1 Partial
10/22 18142.....	10/9/41	-----	322.08	-----	-----	-----	-----	2.
10/25 18925.....	10/20/41	-----	171.66	-----	-----	-----	-----	3 Final.
			753.68					

FERGUSON-OMAN COMPANY
WOLFCREEK ORDNANCE PLANT
Milan, Tennessee

Purchase Order No. 2408

To: Denny-Caldwell Company.
Address: Milan, Tennessee.

Date: APRIL 28, 1941.

(Partial)

Item No.	Quantity	Description	Price	Amount
		Confirming order: Do Not Duplicate Verbal Order: 4/28/41.		
	10	Batteries (For 1941 Chev. Passenger Cars and Pick-ups) ..	\$5.14 Ea.	\$51.40
	2	Batteries (For White Trucks, 36 Model, 704H)	7.44 Ea.	14.88
	1	Battery (For White Truck, 36 Model, 750)	9.13 Ea.	9.13
		Total		75.41
		All Freight and/or Trucking Charges Must Be Prepaid. Shipping Manifest and B/L Must be Mailed on Date of Shipment. Terms: Net 30 Days. Delivery Date: 4/30/41. Deliver to: Transportation Garage. Failure to ship or Deliver as Promised Shall Be Deemed Sufficient Cause For Cancellation.		

Ship by: Your delivery Via: FreightF. O. B.: Wolf Creek Ordnance Plant, Wolf Creek, Gibson County, Tenn., job site.

Terms: Net 30 days. Days, Less — % — Days shipment must start By 4/30/41 and be completed by 4/30/41.

Purchase approved because: lowest price.

FERGUSON-OMAN COMPANY,
JOHN F. BAER, *Purchasing Agent.*

Approved by:
C. H. BRUCE,
1st Lt., Q. M. C.
Requisition No. GS-2520, A partial.
Job No. OH-58.
Appropriation Ord. 8191-P 2-99 A0141-01.
Contract W-7011 QM-2.

[Exhibit 3 attached to Memorandum No. 137-A]

Wolf Creek,
JANUARY 12, 1942.

Mr. CLIFTON E. MACK,
Director, Procurement Division, Treasury Department,
Washington, D. C.

DEAR Mr. MACK: In connection with an investigation being made by the Committee, it would be appreciated if you would inform the Committee whether the items listed below could have been purchased by the War Department Quartermaster Corps under Treasury Procurement Schedule contracts at Milan, Tennes-

see during the period stated. If this could have been done or if similar articles could have been purchased through this schedule, the Committee would appreciate your indicating the appropriate item numbers and unit prices.

Items Purchased during June 1941:

- 2000 Spark Plugs AC-#103-S (Threaded Shaft for Radio Suppressors)
- 2000 Spark Plugs AC-#45
- 250 Spark Plugs AC-#75

Items purchased during July 1941:

- 10 Batteries—For Insleys, Volts 6, Amp. Hrs. 120-20 Discharge Amp/Min. 150-20 Size 13 x 7 x 8, Weight 55.
- 6 " For Farmall, Volts 6, Amp. Hrs. 99-20, Size 9 x 7 x 8, Discharge Amp. Min. 110-20, Weight 60.
- 22 " For International, Volts 6, Amp. Hrs. 150-20, Discharge Amp. Min. 175-20, Size 16½ x 7 x 8, Weight 80.
- 25 " For Radio, Volts 6, Amp. Hrs. 200 Size 13 x 7 x 8¼, Weight 55.
- 200 " For Ford, Volts 6, Amp. Hrs. 120-20 Discharge Amp. Min. 150-20, Size 10½ x 7½ x 9½, Weight 48.
- 400 " For Chevrolet & G.M.C., Volts 6, Amp. Hrs. 100-20, Discharge Amp. Min. 120-20, Size 9¾ x 7½ x 8½, Weight 41.
- 60 " For Ford & Chev. Volts 6, Amp. Hrs. 100-20 Discharge Amp. Min. 126-20, Size 10¾ x 7¼ x 7½.

Items Purchased during September 1941:

- 6 Storage Batteries for G. M. C. Diesel Motors, 12V, 150 Amps. Discharge 170 Amps in 20 Min. Size, 20½ x 9¾ x 6¾ Min.
- 20 Storage Batteries for Allis-Chalmers Diesel Motors, 12V, 150 Amps. Discharge 150 Amps 20 Min. Size 19" x 8¼" x 7"
- 6 Storage Batteries for Pontiac or Welding Machine, 6V, 150 Amps. Discharge 138 Amps. 20 Min. Size 19¼" x 4"x 8"
- 2 Exide Service Kits Catalog #23188.

Items Purchased during April 1941:

- 10 Batteries (For 1941 Chev. Passenger Cars and Pick-ups)
- 2 Batteries (For White Trucks, 36 Model, 704H)
- 1 Battery (For White Truck, 36 Model, 750)

The Committee would also like to know whether repair parts for Caterpillar tractors, Lorrain shovels, and similar equipment may be purchased under Procurement Schedules from the manufacturers of these parts at prices lower than those which a distributor of such equipment would sell to the government or whether both the manufacturer and the distributor receive the same prices under the Treasury Procurement Schedule.

Your cooperation in furnishing the requested data will be greatly appreciated.

Respectfully,

CHARLES P. CLARK,
Associate Chief Counsel.

[Exhibit 4 attached to Memorandum No. 137-A]

TREASURY DEPARTMENT,
PROCUREMENT DIVISION,
Washington, January 20, 1942.

Mr. CHARLES P. CLARK,
Associate Chief Counsel, Special Committee Investigating The National Defense Program, United States Senate.

DEAR MR. CLARK: I have your letter of the 12th asking about a list of items of spark plugs and batteries and whether they could have been purchased by the Quartermaster Corps from Schedule contracts at Milan, Tennessee.

The list has been reviewed and checked against the contracts applicable during the periods stated. To simplify reference to them the items have been numbered from 1 to 17 and comment and information on them follow in sequence.

Contracts covering the items cited as substitutes for those described in your letter were available for use by the Quartermaster Corps at the time specified. As none of the contractors maintained a service station at Milan, Tennessee, delivery would have to be effected from other points. A list of distribution points of Firestone Tire & Rubber Co., is found on pages 23 and 24 of its enclosed catalog. Supplies purchased from the Champion Spark Plug Co., the Willard Storage Battery Co., and the U. S. L. Battery Corporation would have to be ordered from the

companies at Toledo, Ohio, Cleveland, Ohio, and Niagara Falls, New York, respectively.

The prices given include delivery to destination and, in case they might be of use to you, copies of the Schedules of Awards are inclosed.

For Items Purchased in June, 1941.

1. To identify this spark plug for comparative purposes information with regard to type of engine involved and type of radio suppressor to be used therewith would be necessary.

2. This plug (in purchases of 2000) was under contract with Champion Spark Plug Co., Tps-36371, Item 17-P-4875-(e), at \$.122 each less 2%-10th procimo, delivery 7 days.

3. This plug was under contract with Firestone Tire & Rubber Co., Item 17-P-4875-(e), Tps-36372 at \$.135 each less 2%-20 days; delivery 2 days.

With reference to the purchase of batteries, it may be stated that while General Schedule of Supplies contracts meet practically every normal requirement for automotive batteries, the products of the various manufacturers differ slightly in overall dimensions of the cases but in most instances they are interchangeable, provided the electrical characteristics are satisfactory.

Two awards are made on automotive batteries for each contract period. One is for the purpose of obtaining delivery for emergency requirements within 48 hours or less and under the contract in effect in April and July 1941, was restricted to a maximum of two batteries per order in some cases and in others the limit was one. The other contract covers a quantity of 3 or more for delivery within 5 days, on the assumption that requirements for 3 or more can be anticipated and also for the reason that the Government will get more advantageous prices when the weight is 100 pounds or more.

Due to changed national conditions the contract effective in September 1941, permitted the purchase of any quantity for emergency delivery.

Assuming that plus or minus dimensional tolerances would not be critical, the following items are listed as substitutes for the batteries described in your letter.

Where there was a choice of heavy duty or regular duty batteries shown for replacement, the heavy duty battery has been specified.

For Items 11, 12 and 13, more helpful information might be offered if the battery dimensions noted in your letter for items 11 and 12 were verified or the name of the manufacturer and his type number were furnished and, on Item 13, if the electrical characteristics cited were verified. Also, as White trucks, 704H and 750 are not shown as 36 models, when specifying substitutes, White 38 models, 704H and 750 were considered.

FOR ITEMS PURCHASED IN JULY 1941

Numerical Reference	Item Number	Contractor, Delivery and Price	
		Firestone Tire and Rubber Co. (48 hour delivery)	Willard Storage Battery Co. (5 day delivery)
4.....	17-B-8849.....	\$6.22	\$5.95
5.....	17-B-8804.....	4.50	3.62
6.....	17-B-8816.....	8.09	6.45
7.....	17-B-8821.....	10.49	7.75
8.....	17-B-8827.....	5.03	5.14
9.....	17-B-8804.....	4.50	3.62
10.....	17-B-8827.....	5.03	5.14

INVESTIGATION OF THE NATIONAL DEFENSE PROGRAM 3729

FOR ITEMS PURCHASED IN SEPTEMBER 1941

Numerical Reference	Item Number	Contractor, Delivery and Price	
		Firestone Tire and Rubber Co. (48 hour delivery)	Willard Storage Battery Co. (5 day delivery)
11.....	17-B-8887.....	\$24. 14	\$18. 62
12.....	17-B-8891.....	23. 96	20. 39
13.....	17-B-8847.....	7. 22	*5. 23
14.....	(No Procurement Division Contract).....		

FOR ITEMS PURCHASED IN APRIL 1941

15.....	17-B-8804.....	\$4. 50	\$3. 62
16.....	17-B-8808.....	5. 40	4. 50
17.....	17-B-8812.....	7. 34	5. 32

*Contractor, U. S. L. Battery Corporation.

In order to facilitate the procurement of parts the Procurement Division makes contracts for repair parts for Caterpillar tractors and other heavy equipment. The contractor is the manufacturer of the equipment and delivery is effected in most cases by his distributor, referred to in the manufacturer's catalog. No price advantage accrues to the Government as a result of these contracts, except the saving of time and administrative costs in advertising for proprietary items.

If I can be of further service, I shall appreciate your advice.

Very truly yours,

CLIFTON E. MACK,
Director of Procurement.

[Exhibit 5 attached to Memorandum No. 137-A]

DENNY CALDWELL, P. O. 4439.

These prices are considerably above TPS, and when Lt. Bruce's attention was called to it, he had F. O. Co. send attached letter of explanation.

Mr. McCain (from Atlanta Zone Office) stated that invoices should be approved, as P. O. had already been issued.

E. H. E.
(E. H. EAKLE).

10/22/41.

OCTOBER 2, 1941.

AC Spark Plugs.

To: Lt. C. H. Bruce.

Through: Mr. C. G. Atkin.

Ferguson-Oman Purchase Order #3730 covers 4,250 AC spark plugs which have a special threaded shaft for radio suppressors. The AC spark plugs of this particular type are not on the Government TPS schedule and, for that reason, bids were taken and the purchase of these plugs given to Ozburn-Abston Company of Memphis, Tennessee, on basis of their low bid.

A. E. GRISSOM, Jr.

TPS price is about \$.122 each or a saving of over 50% I showed this transaction to Mr. McCain (from Atlanta Zone Office) on Oct. 22 and he said that inasmuch as P. O. had been issued, invoices should be approved as rendered.

E. H. E.
(E. H. EAKLE).

10-22-41.

[Exhibit 6 attached to Memorandum No. 137-A]

[The H. K. Ferguson Company, of Cleveland, Ohio, and Oman Construction Company, of Nashville, Tennessee, have associated themselves for the execution of a joint contract with the United States Government, for the construction of Wolf Creek Ordnance Plant, near Milan, Tennessee. Address all mail and invoices to Milan, Tennessee.]

FERGUSON-OMAN COMPANY,
Milan, Tennessee, July 30, 1941.

Res P. O. #4439—Our copy

For the following reasons the batteries on the above Purchase Order were purchased on the open market instead of through the T. P. S. through Washington.

The sizes of batteries are determined by several methods—number of cells, number of plates, number of discharge Amp. Hours, etc. The General Schedule of Supplies does not carry voltage and plates as a general run. Therefore, when the full description of a battery is not obtainable, it is almost impossible to get an absolute, matched description from a requisition and a Schedule from the T. P. S.

After comparing our Amp. Hours, as before, said voltage lacking, as near to our requisition as we possibly could, we find that by obtaining bids from open-market, they were consistently lower than those quoted in T. P. S.

There were a number of pieces of equipment for which those batteries were purchased that were grounded; therefore, delivery was of vital importance. Enough of these batteries were delivered the next day to keep our equipment in service.

These batteries were for special equipment, therefore the T. P. S. would naturally be insufficient, with the complete description of the batteries listed on the requisition.

After summing all of the above reasons and using as much speed as possible, the batteries were authorized by the Constructing Quartermaster's office for open-market purchase.

D. E. STUBER,
T & O Purchasing Agent.

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